FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,091 Tuesday February 12 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pts 70

NEWS SUMMARY

GENERAL

New hopes for U.S. captives

The 50 American hostages held in the U.S. Embassy in Tehran could be released soon, "perhaps within a few days," if the U.S. accepts certain conditions, Mr. Abel Hassan Bani-Sadr, the Iranian President, said.

The conditions, set by the Iranian Revolutionary Council, require the U.S. to publicly accept responsibility for the "crimes it has committed in Iran" during the past 25 years.

But although Iran is still asking the U.S. to recognise its right to obtain the Shah's extradition and the return of his fortune, the conditions do not include the return of the Shah to Iran before the release of the hostages. **Back Page**

Keegan to join Southampton

Kevin Keegan, 28, the England and Hamburg soccer star, will join Southampton for a fee of about £400,000 when his contract with the West German club ends in June. Southampton clinched the deal in spite of bids from Chelsea, Juventus of Italy and Real Madrid of Spain for Keegan's signature.

New Tito alert

President Tito's doctor said the 87-year-old Yugoslav leader's recovery from the amputation of his left leg has been further complicated by signs of weaknesses in his heart. **Page 3**

Mugabe hits out

Robert Mugabe, leader of the ZANU PF party accused Rhodesian forces of being responsible for Sunday's attack on his life and accused Britain of being behind a "strategy to disable my party from participating" in the elections to decide the country's future.

Benefit to rise

An increase in child benefit from November is likely to be announced in next month's Budget. But the Cabinet has not yet agreed on the size of the rise. **Back Page**

N-plant leak

A new leak of radioactivity occurred at the crippled Three Mile Island nuclear plant at Harrisburg, Pennsylvania, but a spokesman for the onwers said it did not result in releases outside the complex.

Fire tragedy

Four children and a baby-sitter died in a blaze at a council house in Pennywell, Sunderland. The children's mother, Mrs. Sandra Bannen, was in hospital suffering from burns recived in a rescue attempt.

£800,000 raid

Thieves got away with gems worth £800,000 in a raid on a Hatton Garden jeweller's. The jeweller was hit on the head with a sawn-off shotgun, bundled into a van and left bound and gagged.

Club men cleared

London club directors Harry Meadows and his son Andrew were cleared at Knightsbridge Crown Court of living off prostitution earnings at their Churchills club.

Briefly . . .

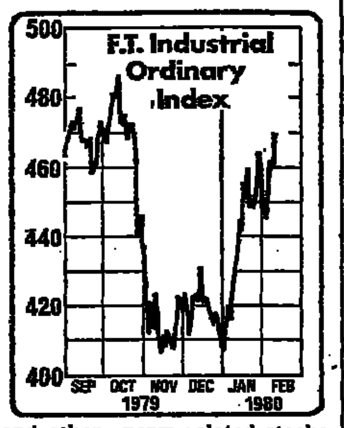
West German court sentenced three former Gestapo men to jail sentences of up to 12 years for complicity in murdering thousands of Jews and Communists.

British Airways flew reigning beauty queen Kim Turner to Cyprus to promote the airline—but sent her luggage to Switzerland.

BUSINESS

Equities up 8.5; Sterling firm

● **EQUITIES** made a highly successful start to the new trading account, dominated by oil



and other energy-related stocks. The FT 30-share index closed 8.5 up at a 1980 closing high of 469.9.

● **GILTS** were dull in contrast and the Government Securities index lost 0.14 to close at 66.39.

● **STERLING** was firm in rather dull trading and closed at $2.3045, a rise of 60 points from Friday. Its trade-weighted index was 73.0 (72.8). **DOLLAR** showed little movement overall and its trade-weighted index was unchanged at 85.1.

● **GOLDS** were firm overall, with Australian mining and exploration issues hectic. The FT Gold Mines index rose 12.5 to 357.5.

● **GOLD** gained $15 in reasonable trading to close at $712.5 in London.

● **WALL STREET** was down 3.67 at 892.06 near the close.

● **U.S. BOND** prices continued their slide, though trading was light. **Back Page**

● **CONSOLIDATED GOLD FIELDS** has asked the Department of Trade to appoint an inspector to investigate ownership of a holding of up to a fifth of the issued equity. **Back Page**

BL shutdown planned to reduce stocks

● **BL** plans to close plants to reduce its current high level of stocks. Cowley, Oxford could be shut down for several weeks with 20,000 lay-offs. Rover at Solihull, Birmingham and Triumph, Coventry could also be affected with up to 17,000 lay-offs.

● **CEMENT** prices are to rise by 24 per cent from March 1.

● **OPTICIANS** are to be investigated by the Office of Fair Trading over lack of overt competition and high prices for frames supplied privately. **News Analysis, Page 23**

● **EEC TRADE DEFICIT** with U.S. doubled to over $12bn (£5.2bn) in 1979. **Back Page, Page 16**

● **BP** plans to link up with Broken Hill Proprietary and Conzinc Riotino in Australia to exploit oil shale deposits in Queensland. **Back Page**

● **BRITISH GAS** Corporation profits are likely to rise to £600m (£360.7m) in the coming financial year as a result of tariff rises. **Back Page, Parliament, Page 10**

COMPANIES

● **S. HOFFNUNG** has received a cash offer worth £15.9m from Burns Philp. **Page 19**

● **RACAL** expects to make a statement today about the next stage of its bid for Decca. After a day of discussions it has yet to come up with terms to rival the latest GEC offer.

● **GODFREY DAVIS** car rental and distribution shares were suspended pending an announcement later this week. **Page 19**

Call for strike by water workers over 19.2% offer

BY PHILIP BASSETT AND RICHARD EVANS

Water workers issued a further challenge to the Government yesterday over pay in the public sector. Delegates representing most manual workers in the water supply and sewerage industry unexpectedly rejected a 19.2 per cent offer and called for a national strike in two weeks' time.

The decision of the General and Municipal Workers' Union delegates immediately prompted the employers' body to suggest that the union ballot its members on the offer before taking industrial action. It offered the union help in arranging it.

Although the two weeks' strike notice gives ample time for a strike to beaverted, Ministers admittde that the prospect of a national strike in the water industry was one of the civil emergencies the Government feared most.

It is ready to deploy 15,000 troops to take over the manual workers' operations but these would be unlikely to provide more than an emergency service.

In contrast to the steel strike, which has still not caused spread industrial disruption after six week, industry could be paralysed rapidly by a shortage of water, and domestic life would be disrupted.

Public health would swiftly be endangered by disposal of untreated sewage directly into rivers, and particularly by back-siphonage of sewage into the mains water supply.

A large proportion of the 3bn gallons of treated water used every day goes for domestic purposes, but particularly heavy industrial users include breweries, food-processing firms, paper mills and textile and chemical companies.

Though likellhood of industrial action was thought to have disappeared when officials of all four unions in the industry agreed earlier this month to recommend the pay offer for acceptance, GMWU delegates from all nine water regions in England and Wales, representing 20,000 workers, roundly rejected the package.

The other two large unions involved, the Transport and General Workers Union and the National Union of Public Employees, are in process of balloting their branches on the offer.

Though the TGWU vote will not officially be known until five days before the GMWU strike date, first indications from the NUPE ballot are for acceptance. Such a result would raise the question of whether a GMWU strike alone could be effective.

The GMWU meeting of about 50 delegates, mainly shop stewards, was picketed yesterday by another group of about 50 stewards and workers insisting on a full prosecution of their claim for increases of more than 40 per cent. At one stage a group of pickets burst into the meeting, and one read out a statement expressing their strong rejection of the offer.

Mr. Eddie Newall, GMWU national officer, reported the conference's rejection of the offer and the strike call to Mr. David Basnett, GMWU general secretary, after the meeting.

Though the conference is only consultative, and its decision therefore not binding on the union, the GMWU executive would be unlikely to decide against following its recommendations.

The rejected offer would give an increase of 13.2 per cent plus 6 per cent as payment for the comparability study. The employers say that the offer would raise overall average earnings from £90.36 to £107.94.

Welsh steelworkers pelt Joseph with tomatoes

BY OUR LABOUR STAFF

SIR KEITH JOSEPH, Secretary for Industry, had has car pelted with eggs and tomatoes by hostile steelworkers during a visit to South Wales yesterday.

More than 100 steelworkers blocked Sir Keith's entrance to an industrial site at Briton Ferry, near Port Talbot, which he was due to inspect. Police tried to force a path through chanting strikers but after a few minutes Sir Keith returned to his car. The eggs and tomatoes smashed on the windscreen as it reversed away.

In another incident at Ebbw Vale Sir Keith had to abandon an attempt to visit Alfred Teves, a German-owned braking systems manufacturer, after about 400 pickets barred his way into the factory.

The Industry Secretary met local authority leaders during the day and told them that there would be no changes in the regional development aid status of areas where the British Steel Corporation is proposing job cuts until after precise redundancy details have been negotiated.

In Sheffield limited production was resumed yesterday at Hadfields, the private steel company where members of the Iron and Steel Trades Confederation have resumed work in defiance of their union's instructions. Men returning to work were greeted by jeers and shouts from about 200 pickets and there were two arrests during the day.

Hadfields is the only private sector plant to have rebelled against the decision to involve non-BSC steelworkers in the six-week strike, although meetings at other works in the Sheffield area are expected later this week.

Last night Mr. Bill Sirs, general secretary of the ISTC, dismissed as irrelevant the outline agreement reached by seven craft and two general unions in the steel industry. He said that he and his members were still determined to achieve a better settlement.

He was ready to resume negotiations if the corporation put 13 per cent on the table, as he had expected them to do last Friday.

The corporation had further talks with the Advisory, Conciliation and Arbitration Service yesterday and it is possible that the ISTC and the National Union of Blastfurnacemen will meet ACAS tomorrow.

Following the breakdown of negotiations last Friday, Mr. Sirs may call his national executive committee together next

Continued on Back Page
Strike effects, Page 7

Unnamed group in CompAir talks

BY ANDREW FISHER

COMPAIR, Britain's leading compressed air company, has received a bid approach from a major but unnamed UK group outside the engineering sector following a sharp rise in its share price this month.

Although speculation immediately focused on Consolidated Gold Fields, which is keen to diversify outside the mining sector, it soon became clear that the potential bidder had to be sought elsewhere.

CompAir said talks were going on which could lead to an offer. The company's shares gained a further yesterday 15½p yesterday to close at 94p, giving CompAir a market capitalisation of more than £52m.

CompAir, whose pre-tax profits slid from £11.6m to £8.4m in the last financial year to September 30, has recently aroused interest from more than one company, UK or foreign.

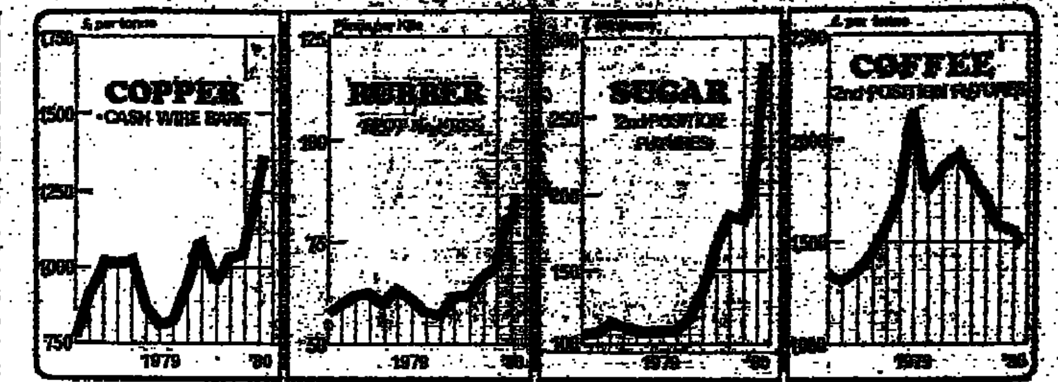
But it is holding talks with only one group. Its financial advisers, Morgan Grenfell, said yesterday, a further statement would be made shortly. Hawker Siddeley and Dowty Group were other possible bidders mentioned.

CompAir's annual meeting is in London tomorrow, giving shareholders a chance to question the Board about their company's future.

CompAir is a child of the defunct Industrial Reorganisation Corporation, which sponsored the original merger between Broom and Wade and Holman Brothers, two leading UK makers of air compressors.

Its major world competitors include Atlas Copco, of Sweden, and four U.S. groups, Ingersoll-Rand, Joy Manufacturing, Gardner-Devner, and Chicago Pneumatic Tool.

Lex, Back Page



Sharp gains in metal prices

BY JOHN EDWARDS, COMMODITIES EDITOR

A NEW wave of speculative buying hit the London metal and commodity markets yesterday. On the London Metal Exchange copper wirebars for delivery in three months, gained £49 to a record £1,355.5 a tonne.

Cash wirebars rose £42.5 to £1,351, close to the peak of £1,400 reached in 1974. They reached £1,375 at one stage yesterday before coming back on profit-taking selling.

There were sharp gains, too, in aluminium, lead, nickel and zinc prices, mainly following the surge in copper.

Many speculators are thought to be switching from gold and silver to other metals in which they can trade more freely with less risk.

Lead was additionally boosted, however, by Britannia Lead's decision to suspend shipments of all its refined lead and lead alloys as a result of a strike halting production at its refineries in Northfleet, Kent.

Copper dealers in London said the main impetus for the price rise was continued nervousness about the political situation.

World sugar values continued to climb steeply with the London daily price for raw sugar being raised by £35 to £280 a tonne—the highest level for five years.

On the futures market prices for delivery in May rose by £26.25 to £285.875 after reaching £305 at one stage. The latest surge in sugar prices was sparked off by reports last week of a big crop shortfall in Cuba.

Trading in the London and New York sugar futures markets was so hectic that dealings were reduced by an hour to enable traders to catch up with the paperwork.

Natural rubber prices reached record levels. The No. 1 RSS spot quotation for good quality rubber in London jumped by 2.5p to 87p a kilo and on the futures market prices rose for the first time above £1 a kilo for delivery in summer 1981.

Gold closed at $712.5 and silver rose 41p to 1,710p an ounce for spot delivery on the London Metal Exchange.

Not all commodities moved ahead. Coffee prices, for example, moved lower after Brazil announced it was cutting export prices to more competitive levels.

Commodities and Agriculture, Page 26

Rising raw material costs hit industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE FINANCIAL squeeze on industry is intensifying as the cost of raw materials and fuel rises more rapidly than wholesale output prices charged for manufactured goods.

Both material costs and output prices rose sharply last month, notably because of higher oil and petrol prices, suggesting that the rising trend of retail price inflation will continue at least until the summer.

Department of Industry figures published yesterday show that that the output price index jumped by 2.5 per cent to 187.9 (1975=100) last month following a rise of less than 1 per cent in December.

Some of the increase can be explained by an annual bunching of price increases in manufacturers' lists at the start of the year but this is the largest January increase since 1977 and the largest monthly rise since April of that year.

However, in spite of the big January increase, output prices are still rising less fast than industry's costs. Last month, the materials and fuel cost index rose by 3.2 per cent to 193.3 (1975=100), with almost two-thirds of the increase due to higher prices for crude oil.

The contrast is best shown by the respective increases over the last six months—15 per cent for material costs and 7 per cent for output prices. With high interest rates and accelerating labour costs, profit margins are being squeezed tightly and the financial pressures have been reflected in a sharp rise in bank lending to manufacturing industry.

On a longer-term comparison, material costs rose by 27.3 per cent in the 12 months to January, the highest rate since July 1976, while output prices increased by 17.4 per cent, the highest rate since October, 1977.

Editorial comment, Page 16

WHOLESALE PRICES (1975=100)

		Materials and fuel purchased	Output (Home sales)
1979	1st	153.4	161.6
	2nd	163.3	168.0
	3rd	169.9	176.4
	4th*	183.8	181.7
	Oct.	178.1	180.3
	Nov.	186.0	181.6
	Dec.*	187.4	183.3
1980	Jan.*	193.3	187.9

* provisional.

Source: Department of Industry

£ in New York

—	Feb. 8	Previous
Spot	$2.2985-2995	$2.3030-3050
1 mth	0.75-0.70 dis	0.78-0.74 dis
3 mths	1.79-1.74 dis	1.77-1.72 dis
12 mths	4.27-4.16 dis	4.15-4.00 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Associated Biscuit...	90	+	4
Assoc. Newspapers	312	+	9
Blue Circle	316	+	12
Caffyns	205	+	26
CompAir	94	+	15½
Decca	595	+	15
Foster (J.)	34	+	6
Glaxo	250xc	+	8
Harrisons & Crosfield	900	+	75
Hoffnung (S.)	89	+	14½
Hunting Assoc.	335	+	10
ICI	398	+	14
Imperial Group	81	+	3
Metal Box	260	+	12
Needlers	57	+	4
Rank Org.............	222xd	+	8
Stylo	195	+	15
Tunnel B	182	+	10
United Biscuit	89	+	5
United Scientific ...	456	+	21
BP	410	+	20
Clyde Petroleum ...	380	+	30
Shell Transport	390	+	18
Castlefield (Klang)	540	+	37
Guthrie	810	+	33
Sogomana	440	+	50
ACM	23	+	7
Bougainville	232	+	17
Central Pacific	£26	+	2½
Cons. Gold Fields ...	525	+	25
Palabora	870	+	105
Roan Cons.	255	+	35
RTZ	444	+	21
Selection Trust	760	+	40
South African Land	542	+	85
Southern Pacific ...	£10¼	+	1⅞
Vaal Reefs	£30½	+	1¼
Zambia Copper	58	+	6
FALLS			
Exchequer 13¼% 1983 (£60 pd.)	£58	−	½
Treasury 12½% 2003-05A (£25 pd.)	£21⅞	−	½

CONTENTS

For latest Share Index phone 01-246 8026

EUROPEAN NEWS

BONN SEEKS TO ORGANISE MAJOR INTERNATIONAL PACKAGE

Long-term aid scheme planned for Turkey

BY JONATHAN CARR IN BONN

WEST GERMANY is seeking to organise new international aid for Turkey which will go well beyond the $1bn (£435m) package arranged last year.

Officials in Bonn say that a programme over four or five years is planned. Aid for the first year alone would probably exceed that granted to Ankara by member countries of the Organisation for Economic Co-operation and Development in 1979.

In addition military aid would be granted by the NATO states to both Turkey and Greece and in return the two countries would be expected to make a new effort to resolve their long-standing differences.

Herr Hans Matthoefer, the West German Finance Minister, will visit both Athens and Ankara at the end of this week for talks on the proposals. He will also hold discussions with Saudi Arabia, on a possible aid contribution from them.

Bonn feels that this package would be a major contribution, not simply to helping the Turkish economy, but to stabilising the southern front of NATO. The Government holds this to be most urgent in view of the Iran and Afghanistan crises.

West Germany also co-ordinated international aid efforts for Turkey last year. The package was intended to be for one year only. The major contributors were West Germany and the US, each of which put up about $200m.

Government officials say that after lengthy consideration, Herr Matthoefer has concluded that a further one-year effort would not be particularly helpful either to Turkey or to the Western Alliance.

He is said to feel that more money will be needed, more organisation — involving the OECD and NATO as well as the whole package should have a political dimension which had been lacking before.

Discussions are said to have been going well—Herr Matthoefer took advantage of the Franco-German Summit meeting in Paris last week to have talks on Turkey at OECD headquarters there. The hope is that the complex discussions should result in a package within the next two months.

Among other things, it is hoped that the talks will be far enough advanced for a good interim report to be given when Chancellor Helmut Schmidt meets President Jimmy Carter in Washington on March 5.

As well as its financia aid to Turkey last year, West Germany also supplied about DM 300m (£75m) worth of military assistance. This time Bonn's military assistance could be markedly larger—with the provision of about 70 Leopard I tanks as well as other material from Bundeswehr stocks.

All this has big budgetary implications for Bonn. It could mean, among other things, that the West German increase in military spending of 3 per cent in real terms—constantly demanded by the U.S.—may after all be fulfilled.

Six civil servants held in French bribes scandal

BY DAVID WHITE IN PARIS

SIX FRENCH civil servants have been detained in a bribery scandal involving public works contracts for the air force and the Paris Metro and bus network.

The bribes and gifts, alleged to have been distributed by a contractor based in Lorraine, are said to have had a total value of FFrs 2m (£215,000).

The civil servants, who had not been charged yesterday, include three officials from the air force section of the Ministry of Defence, a secretary, and two senior employees of the Paris public transport monopoly RATP. Further investigations in other departments are under way.

The charges stemmed from investigations into the finances of the company, Roumeas et Cie, a specialist in metal structures which was wound up in November, 1978.

Acting on a complaint by a former employee, the French fraud squad uncovered the existence of a secret fund, alleged to have been used to gain information about rival bids in public works tenders.

Roumeas et Cie carried out projects for the French post office and electricity board

Hopes rise for new Cyprus talks

BY DAVID TONGE

HOPES ARE rising that the long-stalled Cypriot intercommunal talks could resume by the end of March. At the end of this month, President Spiros Kiprianou is to make a tour of Western European capitals, visiting London on February 29. However, the initiative to bring the two sides together has come from Dr. Kurt Waldheim, the United Nations Secretary General.

The talks broke down last July following demands by the Turkish side that any solution should be "bizonal," which the Turkish Cypriots see as essential to their security but the Greek Cypriots fear would lead to partition of the island.

In recent weeks, Dr. Waldheim and his representative on the island, Mr. Galindo Pohl, have been consulting both sides on a host of formulae to start the talks again.

If Dr. Waldheim is unable to report progress by March 31 the president of the UN General Assembly may seek to appoint a special committee on Cyprus—a move the Turks believe will not help a solution.

In the past two months the Turkish Cypriots have made firm statements about their being "pushed" towards a unilateral declaration of independence and about wishing to open the Greek Cypriot hotels in Varosha. Like all of the city of Famagusta, this is in the area conquered by the Turkish army in 1974.

For their part, the Greek Cypriots have announced various conciliatory measures—pensions, jobs and education to Turkish Cypriots. The Greek Cypriots have also endorsed fresh intercommunal talks, but Mr. Rauf Denktas, the Turkish Cypriot leader, has said that, after recent votes in the UN, he will need persuading that any further UN proposals will be useful.

Gierek forecasts five harsh years for Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND FACES five years of economic austerity, Mr. Edward Gierek, the Polish Communist Party leader, said yesterday in his opening speech to the eighth party congress here. He called for a major effort to increase the efficient use of existing resources and repay foreign debt.

With Mr. Mikhail Suslov, the chief Soviet delegate, sitting right behind him, Mr. Gierek praised Pope John Paul's efforts for world peace and recalled that Poland "was among the initiators of the detente process and was, and is, profoundly committed to the deepening and consolidation of detente."

He criticised strongly the recent NATO decision to modernise its nuclear arms and particularly the stationing of new missiles on West German soil. Referring to Afghanistan, he said: "Poland supports all the progressive forces of Afghanistan in their striving to put an end to the outside interference of reactionary forces."

He warned Poles that the country faced higher energy and raw material prices, difficult international trading conditions, and the need to link future salary increases to rises in productivity gained through more efficient use of existing resources.

A major priority in the next five year plan, starting next year, will be the completion of several large-scale investment projects which have slipped two or more years behind schedule. Poland had to make the maximum use of its own domestic energy resources and channel investment towards the elimination of serious bottlenecks in the transport and energy infrastructure.

Hard coal output is scheduled to rise 25m-30m tonnes over the next five years and lignite should double with the production of 45-50m extra tonnes.

Mr. Gierek gave few promises to the long-suffering Polish consumer. Real wages over the next five years should not rise more than 9-11 per cent and must be linked to higher productivity.

At the same time he called for a campaign of Socialist "morality" aimed at rooting out privilege and corruption at all levels, "in order to defend the good name of the party."

Mr. Gierek sidestepped the explosive issue of higher prices and reform of the price structure. He recognised the need for a more rational price structure but did not announce any of the specific price increases needed to absorb the surplus purchasing power currently feeding inflationary pressures.

Right-wing Basques arrested for murder

By Robert Graham in Madrid

THE SPANISH police have arrested two right-wing extremists in connection with the assassination ten days ago in Madrid of a Basque girl belonging to a left-wing student group.

This is the first time in three years that police have directly pinned responsibility for a political assassination on the extreme right.

Madrid police said that Sr. Emilio Hellin, 32, an electronics engineer, and Sr. Ignacio Abad, 19, a chemical student, had been arrested on Sunday in connection with the death of Snra Yolanda Gonzalez, who was found murdered near Madrid on February 2.

This was the day after the militant Basque separatist organisation ETA killed six civil guards in an ambush near Bilbao. The girl's murder was claimed by the Spanish Basque Commando Batallion.

The same day another Basque leftist was killed in the Basque country in what was seen as a direct response to the civil guards' ambush.

These two revenge killings produced widespread concern, the main political parties fearing the actions could acquire an uncontrollable momentum.

In private, senior officials and party leaders also expressed concern that the killings were the work of elements either within the police force or "parallel" groups who had the active connivance of elements within the police.

This situation was also thought to explain the apparent police failure to tackle violence perpetrated by the extreme right. Since Franco's death, a number of killings have been claimed by right-wing extremist groupings.

But no charges have been brought, with the exception of arrests in connection with the killing of six left-wing lawyers in Madrid in January, 1976.

The police note said that the two men were members of Fuerza Neuva (New Force), headed by Sr. Blas Pinar, who represents the party's single seat in Parliament. The party itself has said it has no knowledge of the two men.

Nevertheless, yesterday the Socialist trades union, the General Workers' Union, called for a ban on this party.

The call also follows violent incidents on Sunday in a Madrid suburb, when members of Fuerza Neuva clashed with left-wingers, leaving one person dead from gunshot wounds. That was the twenty-sixth death from political violence this year.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Italy's misalliance of power comes under scrutiny

BY PAUL BETTS IN ROME

THE ITALIAN Christian Democrat Party, which in its 34 years of uninterrupted power has represented the principal opponent of Communism in Italy, assembles its national congress on Friday to answer one basic question: Will it now agree to the entry of the powerful Communist party into government?

In the best Italian fashion, everyone expects the congress will give no clear answer, neither flatly rejecting nor openly embracing the eventual possibility of direct Communist participation in government.

During the past four years—and increasingly so in the past 12 months—this issue has dominated Italian political life, with big repercussions on the country's economic, social and cultural life. For although the Christian Democrats still hold a clear electoral lead over the other parties, it has not been sufficient to enable the party to govern without at least the passive consent of the Communists and the support of the smaller parties.

The last two inconclusive general elections, in 1976 and in the early summer of last year, have resulted in Italy being governed by a succession of weak and inadequate minority governments. In turn, these minority Christian Democrat or Christian Democrat led coalition governments have coincided with a sharp rise in political violence and social unrest, a widening of the gap between the rich and industrial north and the depressed south, and an increasingly gloomy economic outlook.

In the face of acute internal difficulties there have been growing calls for the formation of a stable governing formula which would inevitably imply some form of collaboration between the Communists, Italy's second largest political party, and the Christian Democrats. After the 1976 general election, when the Communists gained 34 per cent of the national vote, several attempts at a constructive dialogue between the two largest parties were made. This first led to the Communists indirectly supporting a minority Christian Democrat government by abstaining in parliament and subsequently to its direct support in the parliamentary majority of a Christian Democrat administration.

But in both cases, the Communist party came under growing pressure from its rank and file which openly regarded the party's alliance with the Christian Democrats as a "betrayal" of its revolutionary origins. In turn, this led to increasing demands by the Communist leadership for direct participation in government. Faced with the blunt rejection by the Christian Democrats, the Communists withdrew their support and returned to opposition.

Their withdrawal resulted in premature elections last June, whose inconclusive outcome left the country's political situation effectively unchanged. At the same time, both parties stuck to their respective ground. In the stalemate that followed, a compromise solution was adopted and a temporary minority government led by the Christian Democrat, Sig. Francesco Cossiga, was set up.

This minority government consisting of a coalition of Christian Democrats, Social Democrats and Liberals with the indirect support of Socialists and Republicans, was regarded as a truce period until a more stable formula could be found. At the time, such a solution was expected to depend largely on the outcome of the Christian Democrat congress, when the ruling party was to pronounce itself on the crucial issue of Communist participation in government.

But the repeated postponements of the Christian Democrats congress give tangible evidence of the reluctance on the part of the ruling party to face the Communist issue. And although the party has now been compelled to call the congress, it is unlikely that any clearly defined policy statement will emerge.

The Christian Democrats have traditionally been a party of factions, with no single group in a prevailing position. Moreover, within this factional network, there are two broad camps: one willing to accept a dialogue with the Communists and another firmly opposed to it. Moreover, the party's base as a whole still maintains a traditional Catholic anti-Communist attitude.

Ironically, a similar situation is now mirrored in the Communist Party, where the party base is still suspicious of a political accommodation with the Christian Democrats and generally opposed to its leadership's policy of the so-called historic compromise of a broad alliance between Catholics and Communists in Italy.

Significantly too, the inconclusive general election last June saw a halt for the first time in the electoral advance of the Communists, which lost four percentage points to 30 per cent. This has caused major strains within the Communist Party, which is now torn between staying in opposition or pressing for participation in government.

In the case of the Christian Democrats, the election result, which broke the myth of Communist electoral infallibility, has also strengthened those factions opposed to a collaboration pact between the two parties. Indeed, the reformist Christian Democrat secretary, Sig. Benigo Zaccagnini, came under some pressure after the elections because it was felt the ruling party could have enhanced its electoral position, which remained stable at 38 per cent as it has done in the past five polls.

Sig. Zaccagnini, who became secretary at the last congress in 1975 by a mere 1 per cent majority, is not expected to stand again. The main candidates appear to be Sig. Flaminio Piccoli, the current party president, and Sig. Arnaldo Forlani, the former Foreign Minister. But other candidates, including possibly Sig. Cossiga, the Prime Minister, might also emerge in view of the wavering balance of forces inside the party.

Leading candidates for party secretary-general: Sig. Flaminio Piccoli (left) and Sig. Arnaldo Forlani.

The absence of a prominent figure like Sig. Aldo Moro, the late and undisputed Christian Democrat leader murdered by Red Brigades left-wing extremists in 1978, is also having profound repercussions on the party and its imminent congress. Sig. Moro's personal stature, coupled with his skill in complex political negotiations, effectively held the party together. It was also Sig. Moro who succeeded in the difficult task of advancing the now interrupted Christian Democrat-Communist dialogue. Of all the Christian Democrats, Sig. Moro was perhaps the one who won the deepest trust and respect from the Communists.

Against this background, the Christian democrats are unlikely to come out with a firm decision over the Communist question which could risk splitting the party. Moreover, the Soviet invasion of Afghanistan and Communist opposition to the siting of a new generation of NATO missiles in western Europe has rekindled old doubts about the Communists democratic reliability. Indeed, the current international situation alone represents the biggest single obstacle to eventual Communist entry into government.

Under the circumstances, and despite increasing Socialist party threats—in public at least—to withdraw their tacit support of the present minority administration, it is likely that Sig. Cossiga's fragile government might be kept temporarily alive in a state of suspended animation, while the main parties start discussions for an alternative formula

Bonn sees flaws in U.S. punitive strategy

BY JONATHAN CARR IN BONN

WEST GERMAN irritation about United States policy on Afghanistan has been increased by *the collapse, at least temporarily*, of efforts to arrange a Western Foreign Ministers meeting.

While Bonn has constantly stressed its solidarity with the U.S., it is clear that the Government feels President Jimmy Carter's response so far to the Afghanistan crisis to have been short-sighted. Thus there was felt to be a need for closer Western consultation in some forum beyond the intensive bilateral meetings and telephone calls *of the recent weeks*. Blame is now being laid on Washington that one potentially fruitful option has been *postponed*.

At first sight the West German Government would seem to have more cause to criticise France, which announced it would not attend the Western foreign ministerial gathering mooted for Bonn *later this month*. But while Bonn officials are dismayed at the bluntness of the Paris announcement, they also *express understanding for* the French reaction.

Both Bonn and Paris, it is said, are at one in believing that the U.S. was attempting to impose a setting on the gathering which neither European country wanted.

According to the West German side, the U.S. has long favoured a Western gathering of the seven countries already scheduled to meet in June in Venice for an economic summit—that is: the U.S., West Germany, France, Britain, Italy, Japan and Canada.

West Germany preferred a meeting of the first four of these on the lines of the Guadeloupe summit conference held early last year. For one thing it was felt that the smaller forum would help effective decision-making. For another, it would prove easier to enlist the support of France whose resistance to a large "*Western block*" conference was clear. A further sensitive issue was whether Italy, as current chairman of the European Community Council of Ministers, should attend too.

Just as the tricky diplomatic problems seemed *on the point* of resolution last week, a U.S. newspaper reported that a meeting of all seven Foreign Ministers *would probably be* held in Bonn on February 25. The West German side promptly saw this as an *inspired leak by the U.S.* Government to force the issue, and was not surprised when the French Government saw it in the same way.

With the joint western meetings postponed, the accent will return to bilateral contacts for the present. These include meetings between the U.S. Secretary of State, Mr. Cyrus Vance, with Herr Hans Dietrich Genscher, the West German Foreign Minister, in Bonn on February 20, between Chancellor Helmut Schmidt and President Carter in Washington on March 5 and between Count Otto Lambsdorff, the Economics Minister, and various leaders *in the U.S. in* the next few days. In all these contacts, the West German side will be pressing the U.S. to *adopt a broader strategy to face* the Iran-Afghanistan crisis.

So far Bonn feels the U.S. has put almost all stress on proposals for action to punish the Soviet Union for its Afghanistan intervention, and little on what course should be followed to contain the crisis in the Gulf area and beyond.

Bonn has already shown formal support for U.S. action to embargo deliveries of grain and high technology to the Soviet Union—although in *neither case are the West* Germans greatly involved. It is also prepared to go along with a boycott of the Olympic Games *in Moscow if, as expected, the* Soviet Union does not withdraw its forces from Afghanistan. But it is doing so with none of the *apparent enthusiasm so far* shown by Britain.

For one thing Bonn feels there are signs of a lack of foresight in the technology embargo list itself. What is the point, it is asked, in preventing the Soviet Union from receiving high-grade drilling equipment to exploit Siberian energy resources, when it already seems possible that the Russians will become an oil importer in a few years, with serious implications for the oil-dependent West?

More serious is the feeling that the punitive steps announced *by the U.S. so far are signs more of a piecemeal* response to the crisis than of a strategy to master it. The fear is that, without such a strategy, the dangers of miscalculation by the super-powers and of a worsening of the situation are increased.

The strategy of containment which Bonn wishes to see adopted on both sides of the Atlantic would include the following main items. A joint Western financial effort should be made to help Turkey, whose strategic importance to the southern flank of NATO is felt to have grown immeasurably with the Iran-Afghanistan crisis. Pakistan should be helped reschedule its existing debts, and supported militarily to the extent that new tensions are not created with India.

The EEC should press ahead with plans for a formal trade and political co-operation accord with the Gulf States and Iraq. This should be flanked by a renewed effort to consolidate the Israeli-Egyptian peace accord and gain a settlement to the Palestinian problem, without which, it is feared, other Western efforts to strengthen ties with the region may prove unavailing. It is felt there could also be some defence burden-sharing under which, for example, Britain might strengthen its traditional Gulf ties while the West Germans assumed bigger tasks in the Central European theatre.

Some problems involved (for example on co-operation with the Gulf States) are felt to have been removed at the Franco-German summit meeting in Paris last week. Others are still being handled in the EEC context. But needed most of all, it is felt, is a clear sign that the U.S. is behind this strategy and supports the consultations and division of labour it entails.

Austrian deficit on current account leaps up to £630m

BY PAUL LENDVAI IN VIENNA

A MUCH higher than expected current account deficit in 1979 has shocked the Austrain monetary authorities and financial experts. Final balance of payments figures for last year show a current account deficit of Sch 17.7bn (about £630m), against a figure of Sch 10bn expected only two months ago. The deficit is almost three times higher than in 1978.

The result was clearly in*fluenced* by a somewhat mysterious new trend in the so-called statistical difference during the last two months of *the year. This figure was more* than twice as high in the previous two years as in 1979 and the "leads and lags" have helped to reduce the adjusted payments deficit.

Mr. Stephan Koren, the president of the central bank, also *cautioned that the drastic* deterioration of the payments situation was also due to a Sch 7bn higher fuel bill and a *rise of Sch 4bn* in the value of imported cars.

Official reserves position showed a decline of Sch 9bn to Sch. 77.1bn, compared with a rise of Sch 26.4bn a year earlier. This was partly caused by the swing from a Sch 20.1bn surplus on capital account to an outflow of Sch 6.4bn last year.

Observers point out, however, that the underlying position is bleaker than it appears. In fact, foreign exchange reserves fell by a third to Sch 36.1bn. What has helped improve the picture is the revaluation of the gold reserves by Sch 9.8bn.

Worse still, central bank officials have expressed misgivings publicly about future economic developments. It is feared that a slackening of foreign demand might coincide later this year with a downward trend in savings, rising consumption and accelerated imports.

The foreign exchange position worsened by Sch 2.5bn last month, but it is too early to judge why. The results of the latest increase in the discount rate and the rise in interest rates will also have to be carefully watched.

The detailed breakdown of the latest statistics shows that the trade deficit was up from Sch 52bn in 1978 to Sch 60.4bn last year, the surplus on services account rose from Sch 28.8bn to Sch 32.4bn. Tourism yielded Sch 33.5bn, compared with Sch 31.3bn a year earlier.

India will press Gromyko over withdrawal

BY K. K. SHARMA IN NEW DELHI

Mr. Gromyko: visits New Delhi today.

THE INDIAN Government plans to take up the question of withdrawal of Soviet troops from Afghanistan with Mr. Andrei Gromyko, the Soviet Foreign Minister, when he arrives in New Delhi today for two days o ftalks.

There are no illusions here about India's ability to persuade the Soviet Union to *withdraw but the feeling* is that New Delhi carries more weight than other countries because of its close relations *with Moscow. It has not* condemned the Soviet intervention as strongly as other countries and feels that a *policy of negotiation and* persuasion is more useful.

The results of India's discussions with neighbouring countries will be conveyed to Mr. Gromyko. He will also be told that India is not insensitive to Pakistan's fears about her security.

The Soviet Minister will meet Mr. P. V. Narasimha Rao, his Indian counterpart, and also Mrs. Indira Gandhi, the Prime Minister.

Agencies add: Mr. Alexander Solzhenitsyn, the Nobel Prize-winning author, said yesterday in New York, that the Soviet military intervention in Afghanistan illustrated Communism's "malevolent and irrational instinct for world domination."

In an article written for Time Magazine, the Soviet author, now living in exile in the U.S., said the West had been miscalculating Communism since 1918 and continued to capitulate because of "spiritual impotence" and "total incomprehension of the malevolent and unyielding nature of Communism."

He dismissed suggestions that there were left and right factions within the Soviet Union's ruling politburo. "All of its members are united in seeking world conquest and are undiscriminating in the means they use."

Any struggles within the politburo were personal and could not be used for diplomatic leverage.

Japan, meanwhile, has stopped approving exports of strategically sensitive items to the Soviet Union as its first concrete economic sanction against the Soviet military intervention.

According to the Japanese newspaper Sankei, Japan will buy part of the 17m tons of grain the U.S. has denied to the Soviet Union. It quoted government officials as saying Japan plans to buy 1m tons.

In Kabul, the Afghanistan government is refusing to accredit any more Western journalists and has expelled a group of reporters who flew in on Sunday.

Few guidelines from Iceland's new coalition

By Jon Magnusson in Reykjavik

A POLICY statement issued by Iceland's *new* centre-left coalition Government gives few clues as how it intends to cut the high inflation rate.

The Government, which consists of a small breakaway group of MPs from the largest political party, the Independence party, the centrist Progressive party and the Communist influenced anti-NATO People's Alliance, is led by Dr. Gunnar Thoroddsen, vice-chairman of the Independence party.

The Government is promising to build large numbers of low-cost housing for workers, old peoples homes and day care centres in the hope that this will lower wage demands.

Concern over Tito's health rising again

BELGRADE—President Tito's health re-emerged yesterday as a subject of immediate national concern after disclosure that he has developed kidney and digestive problems following the amputation of his left leg last month.

A panel of eight doctors treating the 87-year-old leader said on Sunday that necessary measures were being taken to cope with the new problems, but they gave no details.

Ordinary Yugoslavs were dismayed by the medical bulletin, since earlier ones had given the strong impression that their ageing leader was making a remarkable recovery and had already resumed some of his official duties.

Reuter

Tighter drugs control sought

VIENNA—Representatives of more than 70 countries and international organisations began the sixth Special Confer*ence of the Division on Narcotic* Drugs yesterday, to map out strategies and measures in the international fight against drug consumption and drug dealers.

The conference will mainly aim for a more effective drug control system in order to cut drug abuse.

AP

Oslo and Geneva dearest European cities, survey shows

BY JOHN WICKS IN ZURICH

PURCHASING power remains higest in the U.S., according to a survey by Union Bank of Switzerland. *The report lists* wages and salaries for 12 occupations in 45 main cities in non-Communist countries, and sets them against *the local cost* of a "basket" of goods and services.

Actual gross hourly earnings are *highest in Zurich, Geneva* and Copenhagen, the bank claims. But since prices are generally lower in the U.S., the cities of Chicago, San Francisco *and Los Angeles are given as* those with the highest purchasing power.

By for the dearest cities are *in the Middle East, the survey* shows. In Jeddah, the price of more than 100 consumer articles and services are said to be *about 75 per cent above the* international average. In Abu Dhabi and Manama, Bahrain, they cost at least 50 per cent more.

The costliest European cities are given as Oslo—second only to Tokyo outside the leading Middle Eastern examples—and *Geneva, followed closely by* Copenhagen and Zurich. London comes 21st in the survey, or almost half-way down the world *listing*.

In the services sector, rents are said to be highest in Hong Kong, where a medium-priced unfurnished three-room apart*ment is said to cost about* $2,060 (£916) a month. This compares with $150 (£66.70) in Lisbon and a London price—at *the top of the European cities*—which the bank says has risen to about $780 (£346.90).

Restaurant prices are highest *in Tokyo, at more than twice* the Zurich price, and cheapest in Lisbon and Tel Aviv, where they are only about one-third of the Zurich level. Prices in London, *excluding drinks, are* seen as having reached the Zurich standard.

For hotel accommodation, *London is said to be the costliest* city in Europe—at 16 per cent above Zurich prices—and only slightly cheaper than Tokyo. *Hotel costs are highest in* Jeddah.

Iran celebrates its first year of revolution

BY SIMON HENDERSON IN TEHRAN

REVOLUTIONARY Iran yesterday celebrated its first anniversary of the overthrow of the Shah's régime.

A march-past in Tehran, attended by foreign guests mainly from the Third World, including Mr. Yassir Arafat, leader of the Palestine Liberation Organisation, was marred by heavy rain and the collapse of a reviewing stand, which injured 57 people.

Outside the U.S. embassy, only about 150 people gathered shouting slogans. For the hostages inside, it was the 100th day of captivity. Despite speculation that foreign guests, particularly Mr. Arafat, might use their visit as an opportunity to broach the subject again, Western diplomats were sceptical of a breakthrough.

The militant students—"Followers of the line of the Imam" (Ayatollah Khomeini)—are still determined to continue their control of the embassy until the Shah is extradited to Iran from Panama.

In direct opposition to President Abol Hassan Bani-Sadr's criticism of them as a "parallel Government," they have said they will continue to make disclosures from captured files against revolutionary personalities, who, they claim, have had links with the U.S.

Popular sympathy for the students remains, but they are becoming more isolated. They occupy only the inside of the embassy compound — the outside is patrolled by Revolutionary Guards, with whom the students seem to have little contact. Diplomats suggest that President Bani-Sadr cannot take firmer action until after elections for a General Assembly on March 7.

Yesterday's celebrations were not attended, as had been planned at one time, by Ayatollah Khomeini. Iran's leader, who is 79, was told to stay in the Tehran hospital where he is recovering from a heart ailment.

A message from him, read out at the Tehran march, condemned both the U.S. and Russia, but did not specifically mention the hostages.

Reuter reports from Paris: The Paris civil court declined to make a summary ruling on an action by Bank Markazi of Iran for repayment of $100m deposited with Bank of America in Paris.

The court ruled that the plaintiff should take action under normal court procedure, according to officials.

The same court refused to make a summary ruling in December on an action by Bank Markazi (the Iranian Central Bank) for the release of $50m on deposit with the Paris branch of Citibank NA. Regular proceedings in that case are due to start on March 5.

Three die as Lebanon gunfire intensifies

By Ihsan Hijazi in Beirut

AT LEAST three people were killed and eight wounded, five of them seriously, yesterday as artillery duels intensified in southern Lebanon between Israeli-backed Christian militias and Palestinian guerrillas.

Most of the casualties, according to Lebanese officials, were in the village of Deir Mimas inside the Christian enclave. Several houses were said to have been demolished and rescue teams were digging for survivors.

When the bombardment began at dawn, many Deir Mimas villagers were said to have fled to the Israeli town of Metullah for shelter.

The Christian gunners were pounding the predominantly Moslem and Palestinian-controlled town of Nabatiyeh where the number of casualties was still undetermined.

In the Moslem port of Sidon some 20 miles south of Beirut, left-wing militia men have moved into Government buildings which were recently evacuated by Syrian troops of the Arab League deterrent force.

All Syrian units along the coast between Beirut and Zahrani, south of Sidon, were withdrawn at the beginning of this month and Damascus has said it will pull out its 5,000 troops stationed in Beirut and its suburbs.

The Syrians have agreed to delay their withdrawal to give President Elias Sarkis and his Government time to fill the security vacuum. But Lebanese left-wingers and Palestinian guerrillas have already rejected a Cabinet decision to deploy units of the Lebanese regular army to replace the Syrians.

David Lennon reports from Tel Aviv: The shelling in Lebanon is the most serious outbreak so far in the renewed fighting between Palestinian forces and the Israeli-backed Christian militia in the south.

Israeli military officials believe the escalation in southern Lebanon is directly related to the uncertainty caused by the redeployment of Syrian troops.

In Israel itself, Palestinian guerrillas set off a bomb at a bus station in Petach Tikvah in the centre of the country. Israeli police are reported to have detained 150 Arabs following the blast, which wounded 12 people, one of them seriously.

South Africans broke currency control rules

By Bernard Simon in Johannesburg

TWO South African businessmen who bought various international publications on behalf of the former Department of Information were convicted yesterday of contravening exchange control regulations.

Mr. David Abramson and Mr. Stuart Pegg were fined R46,100 (£25,200) and R41,000 (£22,400) respectively. Until last year they controlled the South African publishing company, Hortors, through their interest in Morgan Grampian of the UK.

One of the charges against Mr. Abramson was that he paid several thousand rand out of his New York bank account to the nephew of Dr. Piet Koornhof, the South African Minister of Black Affairs.

Both men fled South Africa after disclosures about their links with the Department of Information began surfacing in 1978. They had been living in London before returning recently to stand trial.

Sanjay ordered to stand trial for conspiracy

NEW DELHI — A Delhi court yesterday ordered the trial of Mrs. Indira Gandhi's son Sanjay on charges of conspiring in the demolition of houses and shops four years ago.

The court overruled a plea by Mr. Gandhi's lawyers that the trial should be abandoned because the charges were filed three years after the incident.

Mr. K. P. Verma, chief metropolitan magistrate, said justice demanded that the delay in filing the case should be disregarded.

Mr. Gandhi and two others, accused of demolishing houses and shops along a highway outside Delhi, were ordered by the court to provide bail bonds of Rs 3,000 each by the next hearing on March 31.

The Indian Prime Minister's younger son, who is now an MP, faces about a dozen other charges, many of them arising out of his mother's 1975-77 emergency rule.

Meanwhile, renewed violence was reported yesterday from India's troubled north-eastern state of Bihar where 14 people were killed in caste riots last week.

A curfew has been imposed on Giridih town following fighting between two unidentified groups of people, the Press Trust of India reported. The agency said several shops were burned down, but did not report any casualties.

Reuter

42 guerrillas die in Namibia

By Quentin Peel in Cape Town

THE South African Defence Force yesterday announced that it had killed 42 guerrillas belonging to the South West Africa Peoples' Organisation (SWAPO) in follow-up operations in northern Namibia (South West Africa).

The operations were launched as a result of a guerrilla ambush last Monday in which four members of the South African Defence Force were killed. No indication was given whether South African troops had crossed into neighbouring Angola.

China's birth control plea

BY TONY WALKER IN PEKING

AS MILLIONS of Chinese families prepare to reunite this weekend for the spring festival holiday, the authorities have renewed their appeal for strict birth control measures.

The Communist Party newspaper, People's Daily, yesterday reminded readers of population targets, including China's goal of zero population growth by the year 2000.

The three-day break during the spring festival around the middle of February is the only time that many families can get together. Thousands of husbands and wives live apart because of housing shortages or lack of employment opportunities in their home districts.

The People's Daily said that a reduction in population growth was vital to the achievement of economic goals. It described zero population growth by the end of the century as a strategic task and said Chinese couples must restrict the size of their families to one child.

China's population growth target for 1980 is 1 per cent. In 1981 it is 0.8 per cent and in 1985 it is 0.5 per cent.

Reuter reports from Peking: Former industrialists and businessmen are being given top jobs in the Peking municipal government, according to the New China News Agency.

It said yesterday that 30,000 people ranging from former factory owners to small traders were being reclassified as ordinary labouring people and discrimination against them was being ended.

Israel sets optimistic inflation target

By L. Daniel in Tel Aviv

THE 1980 budget framework approved by the Israeli cabinet at the weekend somewhat optimistically envisages an inflation rate of 70-80 per cent during the coming fiscal year. Inflation is expected to touch 115 per cent in the current year ending in March.

The budget draft envisages an expenditure of I£405bn (£4.8bn) at 1979 prices. The budget will be reviewed in August and September.

Additional steps may be taken at that point if inflation exceeds the 35-40 per cent forecast for the first half of the fiscal year, or if additional taxation income falls short of projections.

The anticipated rise of 35-40 per cent in the April-September period will be due, in part, to increases in charges for such Government services as telephone and water, but also to a sharp rise in local rates (the municipalities receive part of their budget from the Government), to continue fuel price increases as the Israeli pound depreciates and to a further cut in subsidies.

Cuts of 6 per cent are being made in Ministry budgets in real terms. The Civil Service is to be reduced by 10 per cent or by 6,800 employees.

The number of unemployed is expected to rise from 44,000 now to 60,000 or roughly 5 per cent of the labour force.

Rhodesia 'observer corps' of 150

BY BRIDGET BLOOM IN SALISBURY

WITH THE arrival in Salisbury yesterday of 20 senior British official observers, the number of accredited election observers now outnumbers the officials running Rhodesia from Government House.

The party of 20 includes a former Governor of Malawi, Sir Glyn Jones, a former Governor of Sierra Leone and Malta, Sir Maurice Dorman, former British High Commissioners to Nigeria, Sir Martin Le Quesne, and to Kenya, Sir Stanley Fingland, and a former ambassador to Ethiopia and Under-Secretary for Africa, Sir Alan Campbell.

The group, appointed by the British Government, follows observers from the Commonwealth—11 principals, with 22 assistants and 17 supporting staff. They will be joined this weekend by a nine-member group of MPs from the British Parliament and others from Commonwealth and European countries. The total number of observers and staff, by the time observation of the election begins in earnest next week, will be nearly 150.

Though officials in Government House do not much like the comparison, the observers do in fact outnumber those in overall charge of the country by at least five to one.

However, as one official pointed out, they do not outnumber those actually running the election. The Rhodesian election directorate, which is in day-to-day charge, has several thousand staff, if district officers and the like are taken into account.

The British-run election commission under Sir John Boynton, is charged with supervising the election and has only five executive officers in its Salisbury headquarters and 89 supervisors out in the 56 administrative districts, which together make up the eight electoral districts.

The group of 20 British observers is to report direct to the Governor and so to Lord Carrington, Foreign Secretary.

Australia has sent a team of eight observers and more are due from each of the member-states of the European Community. Among major western countries, only the U.S. is not sending official observers.

Election commission officials are planning eight bus or aircraft trips a day between Friday and the last day of the election, with seats for 100 observers and 100 Press.

U.S. PRESIDENTIAL RACE

Rare satisfaction in Maine

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

For President Carter, winning was enough, Senator Kennedy can look forward to a financial refresher and Governor Brown proved his issues still count.

RARELY IN the history of U.S. politics has a single election offered so much satisfaction to all its contestants as that served up for Sunday dinner by 30,000 Democratic Party voters in Maine. But rarely has an election provided so many disparate clues as to what lies ahead in the marathon battle for the party's presidential nomination.

For the record, the division of delegates to the state convention was as follows: President Jimmy Carter 47 per cent, Senator Edward Kennedy 39 per cent, Gov. Jerry Brown 12 per cent, uncommitted 2 per cent.

For President Carter, to win in Maine is satisfaction enough. Three months ago, he would have given his eye teeth simply to have avoided a drubbing here in Senator Kennedy's back yard. Now he has two consecutive victories over his principal rival in what looked like difficult territory without squandering, as Mr. Kennedy has done, valuable resources assigned to other, bigger, states looming on the electoral horizon.

For Senator Kennedy, Maine nurtured his ambitions. He was not massacred as he was by the president last month in Iowa; the media will no longer write him off as a hopeless case; money could well start rolling again into his depleted coffers; he may have been guilty of hyperbole in claiming, as he did on Sunday night, that he had fought the President to "a virtual dead heat" but he can now see the policies and arguments he can profitably use in the weeks ahead.

For Governor Brown, to score in double figures at all after having met such derision previously is no mean achievement. He did demonstrate that inside the party there is still room for single issue activism and he succeeded in capitalising on the anti-nuclear anti-draft sentiments prevalent among the young.

But Maine also gave all three food for thought. Two weeks from today, New Hampshire holds its presidential primary and there the electorate has come to expect candidates to appear in the flesh every four years. Even Kennedy supporters here believe that a single visit by Mr. Carter in the last couple of weeks—showing the flag, as it were, and not necessarily engaging in public debate with his rivals—would have assured a more comfortable victory than he finally achieved.

Maine also proved that the President must not cultivate the rural areas at the expense of the cities. Although it would probably be unwise to compare too closely the likes of Portland, Lewiston and Bangor with New York, Chicago and Miami, Mr. Kennedy's success in the towns, where economic hardships are normally felt more acutely, could be a harbinger of trouble for the President, no matter how many endorsements from big city mayors he has already lined up.

For Senator Kennedy, the inherent problem is that he has improved his prospects by turning to the left at a time when the country as a whole is clearly moving right: Republicans would certainly at this stage prefer to oppose a liberal like Senator Kennedy than a centrist like Mr. Carter, in November.

Mr. Brown's relative success may indeed push Mr. Kennedy further left. In New Hampshire, for example, anti-nuclear sentiment organised by the able advocates of the Clamshell Alliance runs strong. The stand the Senator has taken so far on the issue—he is against new construction of nuclear plants but does not suggest that those now in operation or under construction be dismantled—may be dropped in favour of more outright opposition to nuclear power. This may pay dividends in New Hampshire but hurt him in the larger arena.

By concentrating so much effort in New England, Mr. Kennedy, unlike Mr. Carter, has left himself dangerously under-represented elsewhere. If the best he can do is to keep abreast of the President—and with a series of southern primaries following those in New England that may be an optimistic prospect—then the handicap could be serious in big states like Illinois, New York and Pennsylvania, all holding primaries in the early spring.

It is the financial factor which still is the ultimate constraint on Governor Brown's ambitions. Sparsely populated Maine and New Hampshire are relatively cheap places in which to campaign, but television time becomes expensive in the big states and cities. Unless absolute disaster suddenly befalls Senator Kennedy, double figures in Maine could yet be the governor's highwater mark.

Clash likely over plan to register women

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter's proposal to register 18 to 20-year olds for possible military service, formally transmitted to Congress yesterday, is expected to touch off sharp domestic controversy because of the plan to register women.

The early indications from Capitol Hill were that the President's request for budget money to sign on young men for a possible future call-up would pass Congress, but that the proposal to register women for non-combat duty would be far more contentious.

Senator Robert Byrd, the Democratic majority leader, warned that the women's registration issue might result in a "divisive debate," which the Soviet Union might take as a sign of American disunity. President Carter has made clear his registration idea is to send the Kremlim a signal to keep its hands off the Gulf.

Already an anti-draft movement has begun to mobilise around anti-war figures from the Vietnam era.

Senator Byrd, a canny bellwether of legislative moods, said that he personally would support changing the existing law to register women. "But I think from a practical standpoint, it would be best not to proceed with that immediately in the Congress."

Mr. Carter's proposal calls for 19- and 20-year-olds to register this year by filling in a form at their local post office. From next year on, youths would have to register as they turned 18. To fund this paperwork, Mr. Carter is asking Congress for $20.5m in the current fiscal year and $24.5m in 1980-81.

The White House has said it is not in any way, or at least not yet, reintroducing the draft, made so unpopular during Vietnam and discontinued in late 1972. But its opponents see registration as a first step down a slippery slope to the draft.

If Congress approves the registration of men, but not women, opponents of registration have threatened to try to tie up the whole plan by challenging its constitutionality in the Supreme Court on grounds of unfair sex discrimination.

Carter urged to rejoin ILO

BY DAVID BUCHAN IN WASHINGTON

A TOP Government panel, with trade union and business representatives, has unanimously recommended to President Carter that the U.S. rejoin the International Labour Organisation (ILO).

Officials at the American Federation of Labour-Congress of Industrial Organisations said yesterday they expected the President to accept the recommendation, with an announcement perhaps at the end of this week.

The U.S. left the Geneva-based labour organisation in 1978, having two years earlier filed the required notice to withdraw, in protest at what the AFL-CIO federation, and the Ford and Carter Administrations, saw as the overly-close alignment of the ILO with its Communist bloc membership on labour issues that had become politicised.

The new recommendation by the U.S. panel, which included Cabinet officers such as Mr. Cyrus Vance, the Secretary of State, and Mr. Ray Marshall, the Labour Secretary, was based on a new assessment that the ILO had moderated its political statements and shown more concern with labour standards and with the rights of workers to organise in Communist countries.

Recent ILO reports critical of the Soviet Union and Czechoslovakia in this regard had influenced the U.S. position, officials said.

The U.S. used to provide almost one third of the ILO's budget, and its withdrawal posed severe problems for the organisation.

Call for air cargo 'flexibility'

By Ian Hargreaves in New York

A significant increase in operating flexibility for transatlantic air cargo operators has been recommended to the U.S. Civil Aeronautics Board.

An administrative law judge of the board, in a recommendation which will carry much weight with the full board when it discusses the matter, said that in future the main airlines should be given freedom to depart from publicised service schedules.

The detailed ruling suggests awarding liberalised air cargo rights for 11 airlines, including the three existing transatlantic carriers.

Scheduled service cargo rights would also go to seven carriers, Airlift International, Capitol International Airways, DHL Airways, Evergreen International Airlines, Federal Express Corporation, Flying Tiger Line, Transamerica Airlines and World Airways.

Expansion of Canada pipeline proposed

BY VICTOR MACKIE IN OTTAWA

TORONTO'S TransCanada Pipelines announced yesterday it has filed an application with the National Energy Board for a two-phase expansion project estimated to cost C$374m (£141m).

TransCanada said the first phase of the project calls for installation of compression units to save fuel and expand system capacity for domestic needs.

The second phase, to accommodate exports, involves a partial looping of existing facilities in Saskatchewan and Manitoba and additional compressor units and pipeline in Ontario.

A total 295 miles of pipeline would be looped and six compressors added at a cost of C$310m.

Mr. R. R. Latimer, TransCanada president, warned that the second phase of the expansion—the export phase—would have to be postponed if all authorisations for export of natural gas are not received by May 1.

Rik Turner reports on the decision to curb imports and foreign borrowing by public monopolies

The party ends for Brazil's profligate state sector

BRAZIL IS one of the fastest growing countries in the Third World, but as a heavy oil importer the price it has had to pay for its growth since 1973 is a huge foreign debt.

This presently stands at $50-52bn, a figure which has been the cause of consternation in the international financial community in recent months.

On February 6 the Government showed its resolve to tackle the country's major economic problems by introducing a number of measures aimed at curbing the unwieldy financial operations of the big State-owned corporations. The key elements of the package include a ceiling of $3bn on these companies' foreign borrowing, and a rule that they must now cover 80 per cent of their spending by sales revenue.

In addition to their substantial foreign borrowing the companies were responsible for 30 per cent of all non-oil imports last year, mainly in expensive capital goods and equipment, at a total cost of $4bn.

With Brazil's current account deficit expected to reach $7bn this year, the Government felt the need to place restraints on this aspect of their activities too, and they are now limited to non-oil imports of no more than $3bn.

Brazil made its basic choice for development under the economic management of Sr. Antonio Delfim Neto, the country's shrewd Finance Minister during the so-called "Brazilian miracle" of the late 1960s and early 1970s and Minister of Planning in the current administration.

It was necessary to broaden the industrial base of the country when Sr. Delfim Neto was Finance Minister. This was done by the creation of vast State monopolies, which together are responsible for some 30 per cent of the gross national product.

The best-known State concern is Petrobras (net assets £2bn) the State oil company, which has jealously guarded its control both of oil exploration and imports in Brazil. The company has been the springboard for such careers as that of ex-President Ernesto Geisel. It is perhaps not coincidental that under his presidency the State company grew rapidly, usually by borrowing abroad, to a point where they now account for $14bn of the total foreign debt.

Other State concerns involved in heavy borrowing on the international markets are Eletrobras, the State electricity company, which raised $400m in February 1979, and Nuclebras, the State nuclear agency, which took a loan of $50m last February. The National Merchant Marine Board, Sunamam, raised a $250m loan in May last year, after borrowing $300m the previous year.

All this borrowing has ostensibly been to finance major infrastructure projects, such as Eletrobras' massive 12,600 MW Itaipu hydroelectric scheme. This will be the world's largest dam when it is finished in 1983, producing 50 per cent of present electricity output. Its construction will cost an estimated $15bn. Even so it will cost the country less per kilowatt ($800) than nuclear power ($3,000)—an obvious alternative source of energy.

Sr. Delfim Neto

Since 1971, the Ex-Im bank, the American export-import bank, has granted a total of $110m in direct loans and guarantees and a further $78m in private credits for the construction of Angra do Reis, the country's first nuclear power station.

However, part of the criticism frequently levelled at the state concerns is that much of the money raised on loans has, in fact been siphoned off for speculation on Brazil's treasury bond market. This ceased only last year when tighter controls were applied.

The measures announced on February 6 point to a real attempt to bring the freewheeling state concerns under the control of Sr. Delfim Neto.

Sr. Delfim Neto is committed to continued growth as the only option for Brazil, a country which needs to create 1.4m new jobs each year for its growing population. However, since the beginning of 1979 there has been much talk of a change in the relationship between Government and state concerns, making the latter more cost-effective, denationalising where appropriate, and breaking their monopolies.

This is as much a political move as it is economic, since the companies, controlling several key sectors of the economy and acting with the autonomy they achieved under President Geisel, have a habit of ignoring government directives. For Sr. Delfim Neto, who is known to have hopes of being elected in 1984 as Brazil's first civilian president since the 1964 coup, there would be considerable political capital to be made from bringing them to heel.

It is in this light that many commentators noted his visit to the Middle East at the beginning of this year. He personally took the initiative to enter into negotiations on oil supply rather than leaving it to Petrobras executives.

The value of such a venture was not lost on his potential rival at the ballot box in 1984, the highly ambitious governor of Sao Paulo state, Sr. Paulo Maluf. He went off on his own Middle East trip at the end of January and has also challenged the monopoly of Petrobras by a scheme, for which he has gained federal government authorisation, to drill for oil in the states of Sao Paulo and Parana and even in Paraguay.

The main question overhanging the move to control spendthrifts in the state-sector companies remains that of Brazil's future efforts to control oil imports. The country's costly attempts to develop alternative energy sources, including the production of alcohol fuels, will only begin to pay off in the mid-1980s.

At the same time, the reduced access to foreign currency loans and annual inflation currently running at 80 per cent, the state companies may find it hard to finance 80 per cent of their spending from sales revenue, as they are now required to do.

A cutback in their activities would not accord with Sr. Delfim Neto's strategy of continued growth, and might in any case have dangerous social consequences. The only alternative may prove to be denationalisation, with increased participation by private capital, including foreign capital, in sectors once the exclusive preserve of the state corporations.

ARE YOU SURE IT'S ONLY YOUR BUSINESS THAT'S GROWING?

OK, so your company is doing quite nicely. Profits are up, the order book is full and you've got no real financial problems.

But has it occurred to you that you may be getting a little complacent. Perhaps the grass under your feet is growing faster than your business.

That's where your local NatWest manager might help. He can provide you with an unbiased and slightly wider view of your whole situation.

If, between you, you decide that there may be some room for improvement in your business, he can put all the resources of the NatWest Bank Group at your disposal.

And these resources are considerable, ranging from leasing, factoring, salary payments and computer services to business development loans, export finance, merchant banking, insurance broking and many other services that you may not expect from a bank.

On the export finance side alone such things as documentary credits, discounting of bills, and foreign exchange and insurance can be made available.

If you're interested just get in touch with your local NatWest manager.

You never know, with his help, you may find somewhere where the grass is a little greener.

NatWest

THE BANK THAT MEANS BUSINESS.

CENTRE FILE LTD; CREDIT FACTORING INTERNATIONAL LTD; COUNTY BANK LTD; LOMBARD NORTH CENTRAL LTD; NATIONAL WESTMINSTER INSURANCE SERVICES LTD; TRUSTEE DEPARTMENT; EUROCOM DATA LTD.

WORLD TRADE NEWS

Firmer line on U.S. shoe imports expected

By David Buchan in Washington

THE CARTER Administration is due to announce this week a stepped-up programme to monitor shoe imports coupled with a warning or restrictions on foreign footwear shipments if these do not decline from last year's record level of 405m pairs.

The U.S. shoe industry has complained about the effect on its own sales and profits of the 1979 surge in imports, largely from Italy. South Korea and Taiwan, the two biggest suppliers in volume terms to the U.S. market, reached orderly marketing arrangements — quotas by a more polite name — with the U.S. in 1977, and these are still in effect.

The EEC Commission has, in recent talks with the Carter Administration, sought to avoid any sort of formal or informal restrictions being placed on Italian shoe imports into the U.S.

Along with American importing concerns, the EEC is predicting a drop this year in Italian shipments to the U.S.

Thus, this week's announcement is aimed at sidestepping another trade dispute (if the EEC predictions on shoes prove correct) with the European Community—at a time when the EEC and the U.S. are already wrangling over potentially more serious issues concerning steel and artificial fibres.

At the same time, the Administration's promise to bring imports to heel is designed to placate the domestic shoe industry, which sees import protection as an essential supplement to the Government's current $56m (£24.3m) aid programme to put it back on its feet. This programme is a mix of Government help with export promotion, technical aid and soft loans.

The timing of the announcement may not be without coincidence. The U.S. shoe companies are heavily concentrated in the Northeast states, where President Carter faces voters in the primary elections in the next few weeks.

Tate & Lyle to build $42m Thai distillery

By Our World Trade Staff

TATE AND LYLE AGRIBUSINESS has signed an agreement worth more than $42m (£18.2m) with the Sura Maharas Company of Bangkok for the design, supply, supervision, construction and commissioning of a distillery with a capacity of 180,000 litres per day of alcohol.

The company announced that supply and construction was now under way 20 miles north of Bangkok and completion was scheduled for the end of 1981. The alcohol will be used in the production of Mekhong, the national spirit of Thailand. The contract also involves works at the existing distillery in Bangkok for the addition of special effluent treatment systems.

Among other export contracts won by UK companies were:

● NEI Clarke Chapman Cranes, $10m, to supply oil exploration equipment to USS Oilwell International of the U.S. The equipment includes mud pumps, rotary tables, crankshafts and associated equipment.

The manufacturing is to be carried out at the company's Wellman Cranes works at Darlaston and at the Clyde Booth, Rodley works, near Leeds, the company said.

Among other export contracts won by UK companies were the following:

● Hawker Siddeley, power engineering division, a £4m contract to supply Empresa Electrica el Ore of Ecuador, with eight 67kv substations and transmission line structures for 151 kilometres of overhead line;

● British Midland Airways, a £3.8m renewal of a leasing contract to supply Deta Airlines of Mozambique with one Boeing 707 aircraft with crews and ground support until March, 1981;

● BICC Bryce Capacitors, a £180,000 contract to provide 1,000 high voltage power capacitors to the China National Machinery Import and Export Corporation in Peking; and

● Redifon Computers, a £146,000 contract to supply Gosbank, the Soviet Union's state bank with an R-400 data entry system, which will be used for the collection and processing of monthly revenues and expenditures from financial centres throughout of USSR;

Fokker sells 13 F.28s

The Dutch Fokker Aircraft Company has received orders worth around Fl 275m (£62.4m) from three airlines for delivery of 13 F-28 "Fellowship" twin turbofan airliners in 1980 and 1981, Reuter reports from Amsterdam. Eight have been ordered by a large airline which Fokker declined to name, two by Empire Airlines of the U.S. and three by Altair Airlines, also of the U.S.

Romania initials EEC agreement

BY JOHN WYLES IN BRUSSELS

THE EEC is set to make a breakthrough in trading relations with Eastern Europe by a new institutional and commercial agreement with Romania.

Following two days of negotiations at the end of last week, Romania has strengthened its maverick status within the Eastern Bloc by initialling an agreement to create a new joint committee with the EEC with powers to develop and monitor a range of bilateral contacts.

The joint committee would be first of its kind between the EEC and an Eastern Bloc member. It will come into being with the completion of negotiations still under way, aimed at relaxing quotas on a range of Romanian industrial exports to the EEC. In return, some Romanian tariffs on community imports are expected to be adjusted and commitments given to step up purchases within the EEC.

The progress towards agreement has special significance in the wake of the Soviet invasion of Afghanistan. Moreover, Comecon has been pushing for a global agreement with the EEC before it will encourage such bilateral deals. EEC-Comecon talks are effectively on ice because of Afghanistan, but before the freeze, the EEC had already succeeded in reaching sectoral agreements with Romania, Hungary, Poland and Bulgaria, covering steel and textiles.

EEC officials hope that the warming of the Romanian connection will encourage other approaches from East European countries. Both Romania and the Community are expected to nominate high-level representatives to sit on the joint committee, which will meet once a year in full plenary session in either Brussels or Bucharest.

Apart from encouraging the diversification of trade, the committee is also expected to stimulate joint ventures between European companies and Romanian enterprises.

In 1978, Romania exported goods worth £696m to the EEC while its imports totalled £923m. Nearly half of its imports and about 48 per cent of its exports were covered by trade with East Germany.

● Brazil has lost an $84m order for 12 vessels placed late last year by the Polish Government, Diana Smith writes from Brasilia. The Brazilian Government's authorisation for this transaction, contracted with the Emaq Shipyards of Rio de Janeiro, was so delayed that Poland withdrew the order, saying it could wait no longer.

E. Germans sign accord with Kabul

By Leslie Colitt in Berlin

EAST GERMANY has signed an economic and technical co-operation agreement with Afghanistan that is likely to turn East Berlin into a leading source of economic aid for the Soviet controlled country.

Under the agreement signed in Kabul between Herr Heinz Sachse, East Germany's deputy foreign trade minister, and Afghanistan's deputy planning minister Mr. Fateh Mohammed Tarin, East Germany will mainly deliver communications and electrification equipment.

East Germany's foreign trades statistics last year do not reveal any trade carried out between the two countries. However, East Germany did provide economic aid to Kabul under the Communist government deposed last December by the Soviet Union. This was part of an ambitious East German assistance programme to African, Asian and Latin American countries last year.

The bulk of East German aid funds is collected by the Solidarity Committee in factories, offices, collective farms, schools, the armed forces and the churches. This rose sharply from DM 200m (£50m in 1978 to more than DM 300m (£75m) last year. In response to growing criticism from the population over the extensive foreign aid programme, the East German government has replied that its "strategic goal is served" by altering the "international balance of forces in order to weaken imperialism."

British industry to seek textile curbs

BY GILES MERRITT IN BRUSSELS

CURBS on low-priced Romanian textile exports to the EEC are this week to be urged on the European Commission by representatives of the UK clothing industry. It is understood that the British industry's initiative will shortly be backed by both the French and Italian industries.

In an attempt to invoke the price clause in the EEC's Multi-Fibre Arrangement (MFA) with Romania, the director of the UK's Clothing Manufacturers' Federation and the general secretary of the National Union of Tailors and Garment Workers are on Wednesday to cite the case of Romanian three-piece suits now being landed in Britain at £9.75.

The British industry claims that the average landed price of such suits is now £14.80 and is demanding that urgent consultations be opened on this issue with the Romanian Government. Should such talks fail to produce a revised pricing policy by the Romanians, the UK industry is urging that the Commission should take action under the terms of the MFA. The UK industry claims that Romanian imports have played a significant part in the loss of 12,000 jobs in the British garment industry over the past four months,

The UK demands coincide with the publication in Brussels of figures showing a further fall in the EEC textiles and clothing industries' share of world markets.

Malaysia seeks more foreign investment

BY PAUL CHEESERIGHT

PROPOSALS for a new non-petroleum minerals policy, aimed at attracting greater foreign investment, will be presented to the Malaysian Cabinet in about two months, Mr. Dato Leong Khee Seong, the Minister of Primary Industries, said in London at the weekend.

The policy would relax present insistence on 70 per cent domestic ownership of resource projects. The Primary Industries Ministry is examining various choices, including the Indonesian pattern of regulations, which permits the Government to buy an equity stake in new ventures over a specified period, and the production-sharing arrangements adopted by Petronas, the Malaysian state oil corporation.

The Government is confident economic deposits of copper, lead, zinc, gold, bauxite, coal and tin in lode form can be found in Malaysia, Mr. Dato Leong said. But the new policy will have to be discussed in Cabinet and in the National Land Council before adoption, he said.

● Malaysia's central bank will keep stimulating liquidity to promote private investment while trying to control inflationary tendencies before they get out of hand, AP-DJ reports from Kuala Lumpur.

Mr. Datuk Aziz Taha, the deputy governor, and Mr. Lin See Yan, economic adviser, both said they would like to achieve "bounds of stable growth" that won't overheat the money supply

UK companies set up Zambia trade group

BY A SPECIAL CORRESPONDENT

BRITISH companies with trading interests in Zambia have got together to form the Zambia Trade Association

Although still at the formative recruiting stage it already has 20 members including Barclays Bank International, Beechams, Booker McConnell, British Caledonian, Cadbury Schweppes, ICI and Tate and Lyle. Its full-time secretary is Mr. George Brownie, formerly of the CBI's Overseas Directorate.

An interesting feature of the new body, which in other ways is similar to the London-based trade associations dealing with other markets of interest to British exporters, is that membership is open to companies based in any EEC country.

The formation of the trade association comes at a time when Britain's trading relationship with Zambia is in difficulties as a result of Zambia's acute shortage of foreign exchange which has led to very slow payment for British goods. This "pipeline" of unpaid goods currently stretches back to June 1978.

As a result of the deteriorating position the Export Credits Guarantee Department (ECGD) withdrew normal cover on exports to Zambia last July. The situation was subsequently eased by a £25m line of credit arranged by Standard Chartered Bank and backed by ECGD under Section Two of the Export Guarantees Act. This allows ECGD to guarantee credits which cannot be justified on a purely commercial basis but are nonetheless considered to be in Britain's interest to provide. However, this line of credit ran out in December.

An ECGD spokesman described the current situation as "very confused" adding that for the department "the claims situation has been deteriorating." He declined to put a figure on the total (ECGD is believed to be paying out claims at the rate of around £20m a year) but said "we'll have to pay pretty heavy claims in the current year."

Negotiations between the British and Zambian Governments and the Bank of Zambia are still continuing in an effort to resolve the payments problems. However, one British offer aimed at maintaining exports has already been refused.

A Bank of Zambia spokesman said last month that an offer of a Kwacha 15m (£8.47m) loan from ECGD had been rejected because of the repayment stipulations.

British trade with Zambia is substantial in both directions with imports (mainly copper) last year worth £103.6m and exports valued at £85.5m (mainly transport equipment, machinery and other manufactured goods).

Despite the political difficulties Britain's exports to Zambia held up reasonably well during the 1970s, the British share of total Zambian imports only declining from 23.6 per cent to 22.8 per cent between 1970 and 1977.

Britain remains the largest single supplier to the Zambian market, the main change in Zambia's pattern of trade in the last decade having been a steady decline in the formerly very large proportion of imports from South Africa.

Judging from Zambia's trade statistics the main beneficiaries from the decline in South African imports have been Japan, the U.S. and West Germany, all of whose exports have boomed. Britain has done no better than cling to its former share.

This suggests that, British exporters are going to face very stiff competition in Zambia. With the border to Rhodesia re-opened it is possible that Zambia's traditional southern suppliers will come flocking back into the Zambian market—probably at Britain's expense.

Rhodesia refinery still out of action

By Tony Hawkins in Salisbury

RHODESIA's oil refinery at Umtali is unlikely to come back on stream for at least a year, according to officials here.

The refinery, owned by a consortium of oil companies, went out of production in 1966 following the imposition of oil sanctions against Rhodesia. The officials said, however, that the Lonrho-owned oil pipeline might be reactivated sooner than that to bring in refined oil products and reduce the strain on the country's rail system.

Lonrho says that the pipeline can be quickly brought back into operation though there are doubts in Salisbury on this score. It is understood that a considerable amount of maintenance work is needed before the refinery can be brought back into operation.

A Shell official said the refinery consortium hoped to carry out an investigation of the state of the refinery as soon as possible. At present there are some 18,000 tonnes of oil in the pipeline, and Lonrho believes that this can be pumped through the system without any major difficulty "once it has somewhere to go."

● James Brewster Associates is proposing to organise a British pavilion at the forthcoming Zimbabwe International Trade Fair being staged in Bulawayo from May 2 to 11. The British Overseas Trade Board is investigating the possibility of organising a trade information stand at the fair but is not planning to have any exhibits.

S.A.-Israel trade increase

By L. Daniel in Tel Aviv

BILATERAL trade between Israel and South Africa has increased more than ten-fold over the past decade—from only $18m (£8m) in 1970 to $200m last year. The balance is heavily in South Africa's favour. Of last year's total, only $40m (fob) constituted Israeli exports to South Africa, in an increase of 27 per cent over 1978. But South Africa's sales to Israel soared by 92 per cent to $155m (cif).

هكذا من الأصل

Large tax payments may cut borrowing

BY DAVID MARSH

GOVERNMENT finances were boosted last month by a surplus larger than expected due to heavy tax payments.

This has improved the chances of central Government borrowing in the financial year ending in March being held to last year's Budget target.

But the deficit for the whole public sector still looks likely to overshoot the £8.3bn target by about £500m, partly because borrowing by local authorities was more than expected.

Treasury figures published yesterday show that Government made net repayments of £2.45bn in January, compared with net borrowing of £1.62bn in December and a surplus of £1.43bn in January last year.

Borrowing for the 10 months of the financial year so far rose to £7.65bn, 19 per cent up on 1978-79, against an annual growth rate of 29 per cent in December.

Heavy receipts of income, corporation and value added tax at the start of the traditional tax-paying season were the main factors boosting government revenue durin gthe month.

Inland Revenue and Customs and Excise receipts for the year so far run respectively at 15 and 25 per cent above 1978-79.

VAT receipts during the financial year as a whole are likely to be several hundred million pounds below target as a result of delayed payments.

But the figure is below some City analysts' fears of a shortfal of more than £1bn.

Income tax payments will be about £900m above target because of higher than expected pay increases.

Wage increases for particular workers are leading to higher-than-planned Government spending.

Yesterday's figures show that spending on supply services by the Government's Consolidated Fund is running at 17 per cent above 1978-79 in the first 10 months of the year, against a Budget target of 15 per cent growth.

The benefits on the revenue side caused by the pick-up in tax collection should allow the Government to hold borrowing for the financial year to about the £9.6bn set in last year's Budget.

This figure does not include some £1bn of scheduled sales of public-sector assets, including forward oil sales, most of which will be reflected in figures for Government transactions in February and March.

About £700m of advance payments ordered by the Chancellor in November of Petroleum Revenue Tax, will swell receipts in March.

Nationalised industry borrowers made net repayments of £130m to the National Loans Fund last month after repayments of £140m in December.

The position of the nationalised industries' group is likely to be eased by quick payment in the winter of telephone bills delayed in last year's Post Office strike.

This is likely to reduce the Post Office's call on the Fund in the next few months.

Strike leaders reject union's Hadfield's plea

BY RHYS DAVID

LIMITED steel production was resumed yesterday at Hadfield's, the private sector steel company in Sheffield, after members of the Iron and Steel Trades Confederation had voted by a large majority on Sunday to return to work in defiance of union instructions.

About 200 pickets assembled outside the plant and workers entering were greeted with jeers and shouts of "scab." Most of the 500 confederation men employed at the plant are understood to have reported for work, and only a handful turned back when approached by pickets. Two pickets were arrested in scuffles with police.

The Hadfield men are the only private sector confederation members to return to work so far in Sheffield, but it is expected that other meetings will take place during the week at which similar action will be discussed.

Pay doubts

The decision by Hadfield's workers was discussed at yesterday's meeting of the joint strike committee in Rotherham, and it is likely that picketing of the works will be intensified. No decision has been taken on whether or not the men will be disciplined by the union.

The committee rejected suggestions by full-time officials that a special dispensation might be given to the company because of its precarious financial state.

Doubt is also being expressed in South Yorkshire whether craftsmen will accept the new wages deal worked out by their leaders in weekend talks with the British Steel Corporation. Local confederation officials said yesterday that the deal would, in any case, not affect their plans to carry on with industrial action until a full 20 per cent wages settlement had been achieved.

Though most of the attention in Sheffield has been focused on the Hadfield plant, the biggest private sector producer in the city, with 2,800 employees, the picture overall remains mixed. In some smaller companies production other than melting and rolling is still taking place, though very little finished steel is being moved.

With companies finding various ways of maintaining production the number of lay-offs after one week of action in the private sector is still limited, but there are warnings that it could rise to between 5,000 and 10,000 within the next week as supplies of raw material dry up.

● The National Association of Steel Stockholders reported yesterday a marked decrease in the scale and intensity of picketing at privately-owned steel stockholders. Only a handful of its 264 members were closed and there were fewer pickets and "less aggro."

● Two GKN forging companies in the Midlands have been put on to a four-day week to conserve steel stocks. One is normally supplied from GKN's works in South Wales, where the strike has stopped production. Other GKN factories are working normally.

● In the motor industry Ford and Vauxhall say they have stocks to see them through "some weeks." But Vauxhall's Bedford truck plant at Dunstable, Bedfordshire, has closed its heavy truck line because of a shortage of springs.

Scuffles in Sheffield with pickets as men return to work at Hadfields.

Joseph pledge on Regional Aid

BY ROBIN REEVES, WELSH CORRESPONDENT

NO CHANGES will be made in the regional development aid status of areas hit by the steel industry run-down until after the precise redundancy levels at British Steel Corporation plants have been negotiated, Sir Keith Joseph, the Industry Secretary, told local authority leaders in South Wales yesterday.

Sir Keith came under strong pressure, during a one-day fact-finding tour of the region, to announce an immediate upgrading of the development area status of Port Talbot, Llanwern and other areas threatened with massive job losses as a result of BSC's planned cut in Welsh steel capacity and employment.

At present, both Port Talbot and Llanwern areas are due to suffer a cut in regional aid incentives from next August. It was pointed out to Sir Keith that an early decision on their future development status would remove a major uncertainty.

He was told there was no case for delay since it was already clear that the redundancies would be substantial, pushing unemployment levels well above those in existing special development areas.

Urging patience, Sir Keith said he had established a departmental study group to examine the conflicting claims of areas with particular employment difficulties, not only in Wales but also in England. If special development area status was spread too widely, the effect would be diluted.

It was better to wait until the steel strike was settled and the BSC had negotiated the precise number of redundancies and their locations.

Sir Keith was given a hostile reception by striking steel workers during his whirlwind tour of the region. About 100 demonstrators prevented him from inspecting an industrial site at Briton Ferry, West Glamorgan, and threw eggs and tomatoes as he returned to his car.

There was no immediate reaction in South Wales to the news that the National Coal Board and BSC had reached agreement on coking coal purchases. An official of the National Union of Mineworkers said the position would be reviewed by the union's South Wales executive which meets today in Pontypridd.

Under the deal, British Steel is to make no new purchases of foreign coking coal this year. However, the understanding does not remove the threat of pit closures in South Wales.

● Commenting on the British Steel Corporation's decision to make no new purchases of coking coal from abroad this year, Sir Derek Ezra, the NCB chairman, said yesterday that the South Wales coalfields had gained time to cope with reduced demand from the steel industry. The NCB would contribute £22m to ensure that British Steel purchased British coking coal.

Typewriter plant may lay off 500 staff

BY JOHN LLOYD

SCM, THE American office equipment an d plastics corporation is to lay-off 500 of its 1,000 workers at its typewriter plant in Glasgow "as quickly as possible."

Talks between the management of the Glasgow plant and the unions have not yet begun because an unrelated three-week strike over sacking of three shop stewards is still on.

Mr. Terry Johnson, the factory manager, said last night that he "hoped it would be possible" to confirm the redundancies within the statutory 60-day notification period.

SCM bought the plant from the Italian electronics company Olivetti in November 1977. Since then it has manufactured portable electric typewriters using a "golf ball" or single element both for Olivetti and for its own marketing outlets.

Mr. Johnson said that the reason for the redundancies was that the Olivetti contract, which accounted for 50 per cent of the plant's production, would end in a month's time.

The cost of the Olivetti machines, 75 per cent of which are sold in the U.S., rose by 20 per cent over the past two years because of strengthening of the pound, on top of further rises due to increasing wage and material costs, he said.

The plant would continue to produce the same numbers of SCM machines. Demand was "flat," but that the market prospects for the single-element portable were good.

"The engineering strike last year came at a very bad time for us. We had introduced new models in time for Christmas, and we found ourselves unable to meet deliveries. But since then we have been able to keep our share up."

Mr. Paul Uebbing, company vice-president, said in New York yesterday that the plants in West Bromwich, Singapore and New York would not be affected.

The West Bromwich plant employs about 700, and manufactures manual machines for the lower end of the market.

Mr. Uebbing said that SCM could maintain sales of the single-element machines, but there was no short-term prospect for significant improvements in sales of the model.

The typewriter market in general has been flat for the past year, and is expected to turn down slightly in the next year as consumer spending is cut.

Lloyd's sued by Sasse Turnbull

By John Moore

SASSE TURNBULL, the managing company of the troubled Lloyd's syndicate which is facing losses of £20.2m, is suing Lloyd's of London.

The move follows legal action by 36 members of the 110-strong Sasse syndicate, which has sued Lloyd's and a number of underwriting agents, including Sasse Turnbull.

Sasse Turnbull has commenced its action through a third-party notice and is serving a third-party notice on Brentnall Beard International, the Lloyd's broker, and Brentnall Beard Limited.

Sasse Turnbull alleges that in 1976 Lloyd's became aware through its U.S. attorneys that there were serious irregularities in relation to the operation of syndicate 762—which is facing the £20.2m losses

The action claims that Lloyd's acted in breach of its duties because:

● It failed to give Sasse Turnbull or members of 762 full or accurate information on the matter.

● It enforced policies and contracts effected through binding authorities — devices whereby outsiders can produce insurance business on behalf of Lloyd's syndicates—where they were or might be voidable.

● It retrospectively made valid business done under a U.S. binding authority, although it did not have approval under Lloyd's Underwriters Non-Marine Association market procedures.

On this point Sasse Turnbull claims that Lloyd's took the action: to avoid lawsuits against itself or levies against the market's important U.S. trust fund; to secure the payment of premiums into the U.S. trust fund; to enable claims to be paid "whether the said contracts of insurance were lawful and authorised by the syndicate 762 names or not"; to minimise the prospect of an investigation by American insurance regulatory bodies of the operation in the various states of Lloyd's binding authorities.

Lloyd's is expected to reply to the action.

Cost worries may delay start of fourth channel

BY ARTHUR SANDLES

ITV COMPANIES are showing signs of nervousness over the initial costs of the fourth channel and there is even a suggestion that the channel's Autumn 1982 start could be delayed.

Sir Denis Forman, chairman of the Independent Television Companies' Association, said yesterday that the companies still regarded the 1982 date as firm but much depended on the buoyancy of the economy and the engineering work being completed in time.

A major argument against delay would be the financing of the current expenditure on building transmission facilities. Companies also need an early decision so that they can start investing in programme material.

But, said Sir Denis: "The introduction of the new service should not be allowed to endanger the health of the Independent Television system as a whole. In particular, no starting date should be adhered to regardless of the state of the industry's economy."

He went on: "A downturn in revenue may make it necessary to pause and adjust the scale and nature of the service 2 operation."

OBITUARY

Lord Thomas of Remenham

LORD THOMAS of Remenham, who died on Friday, aged 82, is most popularly remembered as the flamboyant chairman of British Overseas Airways Corporation, although his long and varied career spanned motoring journalism, the motor and chemicals industries, and more recently the National Savings Movement.

Born in 1897, William Miles Webster Thomas (he always preferred to be called Miles) became an engineering apprentice on leaving school. After war service in an armoured car squadron, then with the Royal Flying Corps and later the RAF, he entered motoring journalism in the early 1920s.

It was there that he came to the notice of Mr. W. R. Morris, later Lord Nuffield, who invited him to join Morris Motors to help promote sales in 1924.

Climbing steadily up the Morris ladder in the inter-war years, he was by 1940 the vice-chairman and managing director of the entire Morris empire. This involved him in much war work, including aircraft repair and tank production.

He was knighted in 1943.

But in the immediate post-war world he confessed to finding the motor industry "rather frustrating," and he left Lord Nuffield, first accepting an invitation from Sir Godfrey Huggins to make a survey of the economic development of Southern Rhodesia. For a time he was on the Board of the Colonial Development Corporation.

He was first appointed to BOAC as deputy chairman in January 1948, succeeding Sir Harold Hartley as chairman in June of that year.

He left BOAC in 1956 to enter industry, becoming chairman in the UK of Monsanto Chemicals.

At one stage, he was associated with Mr. Harry Ferguson, of tractor fame, in the design of a car, and sat on the Boards of several companies, including the Dowty Group and British Glues and Chemicals.

He retired from Monsanto Chemicals in 1964, but was appointed chairman of the National Savings Committee in 1965, and finally retired as the president of that committee in 1972.

In the previous year he had been made a Life Peer. His business career did not finish then for he was a director of Britannia Airways and of the Thomson Organisation.

Lalique glass in demand

SALEROOM

BY ANTONY THORNCROFT

THERE WAS little activity in the London salerooms yesterday. At Christie's a series of eight rectangular wall tiles moulded with eight immortals and dating from the Ming dynasty, sold for £4,200 in a Chinese sale. A pair of blue and white oviform jars and covers made £3,400, and Evans Antiques of London gave £2,500 for an export part dinner service.

Fortunately the auction houses now have overseas subsidiaries. At Phillips in New York over the week-end auction record prices were set for Lalique glass. A figure of a cougar, made around 1910, sold for £17,000 to a New York collector, and a New York dealer, Lilian Nassau, bought a four-inch teardrop-shaped bottle for £16,150. The bottle was the first made by Lalique in the lost-wax method he pioneered in the 1890s. The auction totalled £84,280. Also in New York Sotheby Parke Bernet disposed of a Tiffany tulip lamp for £11,739.

Japanese could revitalise UK car industry, says NEDO

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT should encourage Japanese vehicle manufacturers to set up plants in Britain, maintains a National Economic Development Council report today.

The report, from the tyre industry sector working party, suggests that inward investment by the Japanese might help to revitalise vehicle manufacture in the UK and so help all component manufacturers.

It would help to overcome the imbalance in motor trade between the two countries, and it would enable the Japanese to protect their progress in European car markets.

The report does not give any indication of efforts made so far to attract the Japanese, but the sector working party was instrumental in getting Toyota to visit the UK and look at the potential.

The Government, most recently during the visit of Mr. John Nott, Trade Secretary, to Japan last month, has made it very clear that Japanese investment in the UK would be welcome.

The serious decline of UK motor manufacture has had a savage impact on tyre producers. In the past seven years employment in the UK tyre industry has fallen from 47,000 to 36,000. During 1979 the industry closed two of its 17 tyre plants and the closure of a third early this year has been announced. This has resulted in the loss of 3,500 jobs in the Liverpool and Glasgow areas and there will be a further loss of 1,500 jobs in the London area this year.

Last year about 1m cars were imported, bringing with them 5m foregin tyres. "But the high rate of imports is less disturbing than the failure of Britain's vehicle industry to obtain a compensating increase in exports. Britain's share of world trade in exports for cars fell from 8 per cent in 1970 to 4 per cent in 1977."

This loss of market share represents something like 500,000 British cars in 1977 alone, cars that could have been sold overseas with 2.5m British tyres.

The sector working party proposes an intensive six-month programme with three main themes:

1—A programme of international plant visits designed to compare production practive in the UK and abroad.

2—In-plant briefings about the need for higher production efficiency.

3—A strategy consultancy designed to identify the prospects and opportunities for the UK tyre industry.

Tyres sector working party 1980 progress report. Free from NEDO Books, 1, Steel House, 11, Tothill Street, London SW1H 9LJ.

Demand for loans still buoyant, say banks

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

CORPORATE demand for bank finance continues to be buoyant, with the result that overdraft utilisation levels are significantly higher than this time last year.

Two of the big clearers report that the proportion of overdrafts called upon by companies is now in the region of 55 to 60 per cent of agreed limits. Another major clearer said that utilisation in its case had gone over 60 per cent. Normal utilisation levels at this time of year would be in the region of 50 to 55 per cent.

At the same time, leading banks are agreed that demand for personal loans has eased noticeably after a pre-Christmas period of growth. Barclays said that the downturn was also evident on Barclaycard, where outstanding credit card balances are down about 4 per cent on a month or two ago.

One of the main clearers said that increased overdraft utilisation was particularly evident among manufacturing companies.

Overall, the banks attribute this buoyancy in demand for funds to seasonal factors such as the payment of January tax bills, quarterly bank charges and the start of recessionary pressures.

Chemists' Scottish plan is rejected

By Sue Cameron, Chemicals Correspondent

THE GOVERNMENT has turned down a call for controls to be placed on the opening of new chemist shops in Scotland—a decision that has angered the Pharmaceutical Society which claims the views of professional bodies have been disregarded "at the behest of two trade organisations."

The recommendation that pharmacists should have to obtain permission to open a new business in certain parts of Scotland came from a working party set up by the national pharmaceutical consultative committee. The working party, established with the approval of the Scottish Health Service Planning Council, wanted to divide the country into open and closed zones—anyone wishing to open a new chemist shop in a closed zone would have had to prove the need for it.

But the Government has now written to the Pharmaceutical Society saying it is not prepared to accept the working party's recommendations. In the letter it was stressed that there is "no prospect" of closed zones being brought in "at the present time or in the foreseeable future."

The Government also says that siting pharmacies close to group medical practices "serves the convenience of large numbers of patients" and that "there must be considerable doubt as to whether restriction on such development would prove to be an effective means of preserving adequate services in peripheral areas."

But the executive of the Pharmaceutical Society's Scottish department has now told the Government that it feels it was "unfortunate" that one of the chief reasons for rejecting the proposal was the opposition of two trade associations.

The society also "objected strongly" to the Scottish Home and Health Department's decision not to publish the working party's report. It says that if it became Government policy not to publish reports unless the recommendations in them were all implemented then "very few reports would ever see the light of day."

Europe's flying revolution starts

Michael Donne, Aerospace Correspondent looks at British Airways' new plans for low-cost flights to Europe.

BRITISH AIRWAYS' plans to introduce its own new cheap £20 single Channel Hopper fare between London and Paris from April 1 and, together with Air France, to abolish first class travel on that route represent the first steps in a major new strategy aimed at revolutionising air travel habits in Europe.

Contrary to some opinions, both airlines are well aware of the fact that air fares in Western Europe are too high and appear to have become even more so in the public's eyes following the big cuts in recent years in fares for longer journey, especially across the North Atlantic.

The European short haul airlines have tried to redress this situation by offering cheap excursion and other promotional fares, which have resulted in lower cost flying for people able to travel at off peak times of the day and during the middle of the week.

But these special offers have not only failed to satisfy the demand, they have also resulted in a jungle of different fares, just as confusing to travel agents and airline ticket clerks as to the public itself.

At the same time, many businessmen paying full fares have become increasingly disgruntled at finding themselves travelling in the same cabins as cheap fare passengers.

Another factor behind the new moves is that first class travel has become increasingly outmoded on short haul routes where journey times average only an hour or so.

British Airways says that on its European routes, first class travel is declining and that by 1979 only 35 passengers out of every 1,000 on BA's European routes travelled first class.

As a result, BA has decided to solve all these problems at a stroke by introducing an entirely new concept in short haul air travel.

It has chosen the London Paris route to launch the venture because this is the busiest route on its network, carrying (in conjunction with Air France) about 1.7m passengers a year.

The new, cheap £20 single Channel-Hopper fare, which will be offered initially by BA alone, is designed to replace the "Stand-by" concept for those who can travel at short notice. It will be limited to 200 seats a day (or 70,000 a year), purchasable either on the day of travel or the day before, and only at Victoria air terminal in London.

If it proves popular, BA will consider increasing the number of seats available, while if the French Government approves, it will also become available from Paris.

But the main thrust of the joint experiment by both British Airways and Air France is threefold.

First, the normal first-class style of travel will be abolished. In its place, a new Club Class will be introduced, with less leg room than first-class, but with a cheaper fare—£55 single against the first-class rate of £71.

Second, a new class of cheaper fare tourist travel will be introduced, called Eurobudget, replacing the former economy class, with a fare of £42.50 single against the present economy single fare of £47.

Third, there will be two new cheaper rates for special times of the day or week, called Eurobudget excursion at £65 return, and Eurobudget off peak at £45 return.

Club Class pasengers will get free drinks, light meals and a segregated cabin at the front of the aircraft. Eurobudget passengers will get no catering at all on short routes and only tea or coffee on the longer routes, but they will be able to bring their own food or drink or buy lunch boxes on the ground before departure.

BA says that it makes no apologies for the minimal in-flight facilities for the cheaper-fare passengers.

Mr. Gerry Draper, director of commercial operations, says this is the way short-haul air travel must go if airlines are to reduce their costs sufficiently to meet the demands of the leisure traveller for lower fares.

BA believes that because so many European flights are short, the need for in-flight catering in the tourist cabin is unnecessary—people can get light refreshments in the airport buildings before their flights if they need them.

By abolishing in-flight catering in the tourist cabin, BA can also dispense with at least one galley, making room for more seats.

BA stresses the new developments are an experiment, which is why they are being started on London-Paris (although Air France is also introducing Club Class on the London-Nice run from April 1, at a fare of £250 return, against the present first class rate of £324.

BA has discussed its plans with the trades unions, who are co-operating.

The airline is also now discussing the experiment with other airlines in Western Europe, with a view to extending it to routes between the UK and Italy, Scandinavia, Spain and Portugal from November 1, and on to other European routes during 1981.

The other airlines—SAS, KLM, Alitalia, Iberia, Sabena and Air Portugal—have all expressed interest, and joint studies are being planned.

The progress of the BA-Air France experiment will be watched closely—both to see if the new concept needs any changes to improve its efficiency and to measure its success with passengers.

Depending on that, the other airlines will make up their minds whether or not to join BA and Air France in introducing Club Class on their routes to London.

But BA makes it clear that even if the other airlines do not decide to join in, it would be prepared to press ahead alone, so confident is it that the plan it has devised is the correct way forward in European air travel.

Any such go-it-alone approach, however, would mean some tough inter-Governmental negotiations, for every short-haul European air route is governed by an international pool agreement between the UK and the other country concerned.

Slower growth for British paper and board industry

BY WILLIAM HALL

UK PAPER industry output showed a slower growth than most other countries last year when production rose by 1.1 per cent. Growth rates of 11 per cent in Sweden, 9 per cent in Germany and 5 per cent in the U.S. were recorded.

UK production in 1979 amounted to 4.2m tons and although the paper industry recovered from the low levels of 1975, output over the last four years has stagnated and is still 10 per cent below the 1973 level.

According to the British Paper and Board Industry Federation the outlook for the early months of 1980 is somewhat better than the earlier gloomy forecasts, even though mills in most sectors were short of orders during January.

Consumption of wastepaper in the UK has been more buoyant with estimated consumption for 1979 being put at 2.2m tonnes, roughly 5 per cent up on the previous year. This is the highest ever level for the UK. Exports have also been rising and topped 100,000 tons last year.

Leading paper producers (1979)

Country	m. tons	Annual % increase
U.S.	58.7	5
Japan	14.8	8
Canada	11.2	(−1)
Germany	6.9	9
Sweden	5.2	11
France	4.8	6
Finland	4.8	13
UK	4.2	1
Italy	3.1	12

Source: British Paper and Board Industry Federation

Ministers may compromise on monetary control plans

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OPINION in the City is sharply divided about proposals for a change to a monetary base control over the banking system.

Both stockbrokers and banks are split about the merits of a change. This will be discussed in a joint Treasury and Bank of England consultative paper on monetary control due to be published around the end of this month.

The latest to join in the controversy are brokers Laing and Cruickshank, who argue that the main weaknesses of the monetary base system would be to reduce the authorities' freedom to pursue independent exchange rate and interest rate policies. Such a system might lead to unstable interest rates and to a growth of parallel markets and less control over credit conditions.

Instead, Laing and Cruickshank argue that if stringent monetary controls are to remain the main plank of the Government's economic management, several major reforms will be required.

In particular, greater interest rate flexibility should be allowed, but the Bank of England should not relinquish lender of last resort facilities.

The money supply should be redefined to include overseas sterling deposits, gilt-edged stock should be issued by tender each fortnight and a new instrument of public sector debt should be issued.

These proposals would be supported by a number of market practitioners. It is likely that, among the three or four options in the consultative paper, the Government will indicate its preference for some form of hybrid in which some discretionary control over interest rates is retained.

After lengthy discussions within the Bank and the Treasury, Ministers have recently been playing down the significance of any changes, presenting them as merely a technical improvement, and stressing that monetary control depends on the right fiscal policies.

A monetary base system has been most strongly urged by stockbrokers W. Greenwell and by Professor Brian Griffiths and Mr. Geoffrey Wood of the City University (the latter partly through his role as consultant to brokers Buckmaster and Moore).

Move to save publication by environmental centre

BY ROBIN PAULEY

A CAMPAIGN is under way to raise funds to save a publication by a quango which Mr. Michael Heseltine, Environment Secretary, has decided to axe.

Under the cut-back on funds for quangos—quasi-autonomous non-governmental organisations—the Centre for Environmental Studies and its review, which together cost about £900,000 a year, will soon disappear.

But the review, which is published three times a year, may be saved if £100,000 can be raised. The Chartered Institute of Public Finance and Accountancy is leading the campaign.

It proposes that the review would concentrate on major policy issues in the public sector. It would be an independent, non-political source of comment and statistical information.

The institute will contribute some of the money needed and British Rail, the Gas Corporation, Electricity Council, Trustee Savings Bank and a leading insurance company have been approached for financial support.

The centre itself has approached the Ford Foundation, which was concerned in its establishment in 1967, for aid to help it to continue its activities.

The centre's review, which first appeared in 1977, regularly monitors national housing revenue accounts, demand for private-sector housebuilding and changes in the distribution of rate support grant.

One more review is planned—the ninth—covering capital expenditure controls, refuse collection costs and the proposed new block grant for local authorities.

Insurance brokers go on trading operations list

BY ERIC SHORT

THE INSURANCE Brokers Registration Council has started its official list of insurance broking trading operations and is inviting them to apply to be entered on it.

The list will help to control and regulate the insurance broking profession under the 1977 Insurance Brokers Registration Act which sets minimum standards of expertise for brokers and lays down a code of conduct. It also lays down financial and acountancy standards for the trading operations and sets out compulsory provisions for professional indemnity.

The method of control takes two forms. Anyone wishing to operate as an insurance brokers must register with the Council as individuals. This official Register has been open for some time and well over 8,000 persons have applied and been accepted.

Now the list has been opened for the second stage where trading operations will be approved. They will be required to show they have the necessary financial and accountancy qualifications and have taken out the minimum professional indemnity insurance cover—at least £250,000. At present, applications are being confined to corporate bodies—a majority of the board of these bodies must have been accepted on the individual Register.

All corporate bodies operating as insurance brokers, from the quoted major multinational companies to the small private company operating in a provincial town, will have to apply for admission to the list in order to continue trading as an "insurance broker.". The Council expect about 5,000 companies to apply.

Trading organisations operating as partnerships and sole traders are not included on the curernt list. But the Council expects to invite these organisations to apply shortly.

It is expected that the provisions of the Act will come into full operation sometime during 1981. Then it will be illegal for any organisation to trade under the title of insurance broker unless it is on this official List.

Libel damages for shoemaker

THE HOME OFFICE is to pay an undisclosed sum of libel damages and costs to Norwich shoe manufacturers Edwards and Holmes, a High Court judge in London was told yesterday.

The company had complained that a 1977 Home Office pamphlet included a photograph of its trade-marked shoes with a general article about employee dishonesty and said someone looking at it could wrongly conclude that the article referred to Edwards and Holmes, who did not have the difficulties mentioned in the article.

هكذا من الأصل

1980. THE DAWN OF A NEW DECADE.

A reminder to companies not doing business with us.

We deliver a range of international services that no other bank offers.

Competitively.

But don't just take our word for it.

Test us.
Now.

We deliver.

Test us.

Midland Bank International

Midland Bank Limited, International Division,
60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.

International Finance. Competitively.

Eurocurrency lending. Short-term and medium-term finance whether for export finance (covered by ECGD guarantees) or capital expenditure. Project financing. Portfolio financing. Front-end financing to support export contracts.

Negotiating or discounting of bills. Acceptance credits. Export factoring. International leasing and instalment finance.

International Banking Network. Competitively.

Being the exclusive U.K. member of European Banks International (Ebic) we offer clients the complete facilities of seven major independent European banks with over 10,000 branches throughout Europe, and a world-wide network of joint ventures.

International Transfers. Competitively.

Foreign exchange business, documentary credits, mail transfers, telegraphic transfers, drafts, clean payments and bills for collection.

International Merchant Banking. Competitively.

A complete range of international financial services from Samuel Montagu, a major Merchant Bank and a member of the Midland Bank Group.

Eurocurrency credits, bond issues, corporate and investment services.

Samuel Montagu are also major market makers in bullion, foreign exchange and Eurobonds.

International Corporate Travel. Competitively.

Exclusive to Midland, access to the world's largest travel company – Thomas Cook.

Thomas Cook is a member of the Midland Bank Group and the fastest growing company in business travel.

Through them we can provide you with the most comprehensive business travel service including foreign exchange in 150 currencies, travellers cheques, V.I.P. Service Cards and a network of over 900 offices and representative offices in 145 countries.

International Marketing Services. Competitively.

Provision of specialised export finance as well as advice on international regulations, tariffs and documentation procedures through the London American International Corporation Ltd., which operates in over 100 countries.

Cabinet united on steel strike

BY IVOR OWEN

A UNITED Cabinet is fully behind Sir Keith Joseph, the Industry Secretary, in his refusal to sanction the use of more taxpayers' money to enable BSC to make an improved offer and bring the steel strike about to enter its seventh week to an end.

This was the clear-cut assurance given by Mr. Adam Butler, Minister of State for Industry, in the Commons yesterday. Mr. Butler was standing in for Sir Keith who was touring South Wales where he ran the gauntlet among egg and tomato throwing strikers.

The Minister of State gave no ground when repeatedly pressed by Mr. James Callaghan, the Opposition leader, to disclose the cost of meeting the demand by Mr. Bill Sirs, leader of the Iron and Steel Trades Confederation, that the strikers were entitled to an increase of at least 17.5 per cent to meet the rise in the Retail Price Index.

Mr. Callaghan stressed that estimates of the size of the Public Sector Borrowing Requirement had been known in the past to be inaccurate by as much as £1bn.

Amid Labour cheers he declared: "If the cost of settling this strike were to add another £20m to the PSBR it would not matter a tuppenny damn."

Mr. Butler retored that Mr. real money which would have to come from the taxpayer.

Amid Tory cheers he maintained: "It is because of this imprudent attitude which you adopted when in government that we are trying to recover the economic situation from the mess in which we found it."

Mr. Callaghan began a series of interventions by underlining that the Government had dug itself into a "very deep trench" over the provision of finance for BSC. It was also apparent that the steelworkers were equally obdurate.

The country, he said, was entitled to know what the cost would be if BSC were to offer another 1 per cent to its workforce—would it be £10m or £20m?

Mr. Callaghan, who insisted that he was not espousing the strikers' case, argued that if the precise cost of an additional 1 per cent on the corporation's wage bill were known, the public would be able to weigh that against the cost of the Government's present position and make a judgment.

While promising to let Mr. Callaghan know at a later stage the precise figure involved, Mr. Butler pointed out that £450m was roughly equivalent to 1p on the standard rate of income tax.

This had been taken into account by the Government in deciding its public expenditure priorities—if Labour wanted more taxpayers' money made available to BSC, Mr. Callaghan and his colleagues had a duty to say whether it ought to be at the expense of the Health Service, education or some other area.

Mr. Butler stressed unity in the Cabinet after Mr. Barry Jones (Lab., Flint East) claimed that some Ministers were in favour of Government intervention.

Amid Tory cheers Mr. Butler retorted that all the Cabinet like the entire Government, was united that no more taxpayers' money should be provided to BSC to finance wage increases.

With the Prime Minister nodding approval, he also ruled out the appointment of a court of inquiry into the steel industry as a means of producing an interim settlement.

The way forward, he said, was for the ISTC and the National Union of Blastfurnacemen to make an early response to the approaches already made to them by ACAS, the independent conciliation service, following the breakdown of negotiations with BSC on Friday.

The negotiations had broken down because of failure to agree on the all-important question of productivity improvements.

"The Government has made it clear from the beginning, and I repeated again today, that we are not prepared to put more taxpayers' money into BSC to finance a pay settlement."

He estimated that, with the strike in its sixth week, the average BSC worker had lost about £650 in gross pay.

"Unless a settlement is found soon there will be permanent loss of jobs and permanent damage to our steel industry—and without question, the risk extends to so many other jobs in the rest of British industry.

"I hope that all the parties concerned will display the necessary urgency in trying to reach a settlement which this situation demands."

Standing in for the Mad Monk

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE were cries of "Where's the mad monk?" when Mr. Adam Butler, Minister of State for Industry, rose in the Commons yesterday to give the latest rundown on the stel strike.

The derisory shouts from Labour backbenchers referred to the absence of Sir Keith Joseph, the Industry Secretary, who was away in Wales being pelted with eggs and tomatoes by steel pickets.

One hopes that Sir Keith has availed himself of the new comprehensive insurance policy for MPs which was announced to the House earlier in the day.

MPs are not covered for bodily injury incurred as the result of an act of war, although it is not yet clear whether this definition covers a brush with steel pickets.

There was speculation as to how Mr. Butler would handle himself in this potentially nasty situation. He has not been the most scintillating orator even in a Government team not noted for its oratory.

But his well-wishers need not have worried. What should have been a handicap turned out to be an advantage. His measured delivery in the face of Labour taunts had all the passion of a company chairman announcing a new rights issue. Try as they might, the Opposition could not raise the temperature.

Eventually, an exasperated Mr. James Callaghan could stand the tedium no longer, and boldly declared that "it would not matter a twopenny damn" if the cost of settling the steel strike added another £20m to the Government's borrowing requirement.

This assertion could well prove to be a dangerous hostage to fortune which the Conservatives will not hesitate to use against him.

All in all Mr. Butler did not fare too badly. It should be remembered of course, that he is the son of Lord Butler, the former deputy leader of the Tory Party, the master of the subtle speech and the bland performance.

When Pitt the Younger made his brilliant first speech in the Commons an admiring MP, comparing him with his great father, the Earl of Chatham, declared: "You are not a chip off the old block—you are the old block!"

One would not go so far in the case of Mr. Butler. But the Prime Minister, who sat beside him, must be reflecting that he has his uses.

Mr. Adam Butler

The Tories are reviewing how to pick their candidates. Elinor Goodman reports

Weeding out the pretenders

WHILE the Labour Party has been publicly anguishing over how best to re-select its MPs, the Tory party has been carrying out a discreet review of the procedures it uses for selecting parliamentary candidates in the first place.

The review was initiated after the last election, apparently with the blessing of Mrs. Margaret Thatcher. It is expected to be completed within the next few months and until then the list of approved candidates has been frozen. The half-dozen or so hopefuls who ask to be put on the list each week are being told to reapply once the review has been completed.

Even after the May election victory, which swept many candidates into Westminster who never expected to get beyond the hustings, the list of approved candidates still stands at over 500.

The suspicion—unspoken, of course—is that some of the people on the list might be more interested in the social prestige of being able to describe themselves as "prospective Parliamentary candidates" than in the actual business of running for Parliament, let alone nursing a hopeless constituency.

One of the review's aims seems to be to ensure that only people genuinely interested in standing get on the approved list and that everything possible is done to attract candidates from outside the traditional Tory breeding grounds of the City and business.

The Tory Party is only too well aware of the ructions caused by previous attempts to purge the approved list of deadwood. This time, there is no question of any of the candidates already on the list being thrown off or even interviewed again.

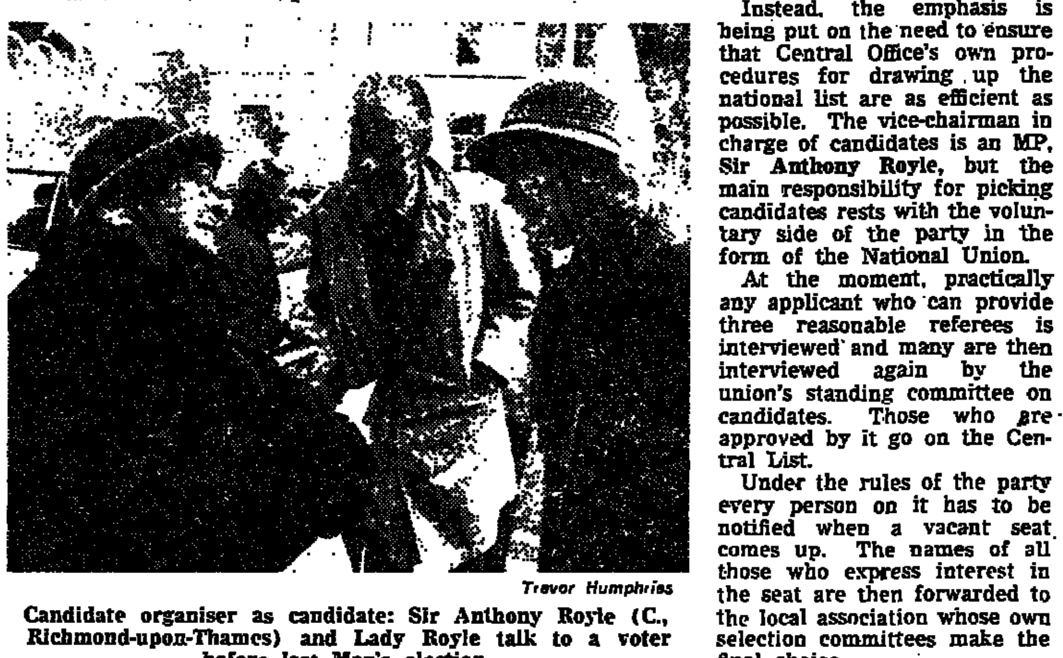
Neither is anything being done to interfere with the procedures local parties use to pick their candidates from the approved list supplied by Central Office.

For many local activists, selecting a candidate is one of the few real tastes of power they have, and no one wants to upset them even though some Conservative MPs frankly admit that the kind of person who sits on Tory selection committees is often far from representative of the average Tory voter, let alone the typical constituent.

Instead, the emphasis is being put on the need to ensure that Central Office's own procedures for drawing up the national list are as efficient as possible. The vice-chairman in charge of candidates is an MP, Sir Anthony Royle, but the main responsibility for picking candidates rests with the voluntary side of the party in the form of the National Union.

At the moment, practically any applicant who can provide three reasonable referees is interviewed and many are then interviewed again by the union's standing committee on candidates. Those who are approved by it go on the Central List.

Under the rules of the party every person on it has to be notified when a vacant seat comes up. The names of all those who express interest in the seat are then forwarded to the local association whose own selection committees make the final choice.



Trevor Humphries

Candidate organiser as candidate: Sir Anthony Royle (C., Richmond-upon-Thames) and Lady Royle talk to a voter before last May's election.

Police urge better handling of drunks

BY LISA WOOD

THE Police Federation yesterday asked for greater urgency to be given to the decriminalisation of drunkenness and to the provision of more medically-based de-toxification centres.

Mr. Jim Jardine, chairman of the Federation, made this appeal when giving evidence before a House of Commons select committee on Home Affairs.

Mr. Jardine said it was estimated that more than 50 per cent of the 245 deaths of people in custody, recorded over the past 10 years, involved people who were drunk.

Mr. Jardine said police officers were not medically trained. The state of an extremely drunk prisoner might well hide symptoms of a much more serious condition. In de-toxification centres, he said, there were skilled medical personnel.

He said that in any incident involving a police offcer the constable would report all the facts to his chief officer who would, if the case were proved, discipline him or report him to the Director of Public Prosecutions.

Callaghan faces spokesmen's anger

Mr. James Callaghan's instructions to his front bench spokesmen on how to behave are likely t ocome under attack at next week's meeting of the Tribune Group of Labour MPs.

At last night's meeting one member gave notice that he intended raising the question next week and it is clear that a substantial minority of the junior shadow spokesmen affected feel that the leader of the Opposition has overdone the heavy hand of authority.

Last week Mr. Callaghan infuriated some of his junior front bench spokesmen by laying down the law on what he regarded as the acceptable limits of behaviour for people in their position. He told a meeting of about 40 MPs that in future they must be bound by similar conventions to those affecting Ministers in office.

Mr. Callaghan himself did not apparently think he was introducing any new limits on their freedom but some of the younger Opposition spokesmen are already considering ways in which they can get round it.

Mr. Callaghan's lecture came after two of his front bench team had voted against the official Opposition line at the end of a debate on defence.

Shirley Williams predicts Parliamentary change. **Robin Pauley** reports

More public access to information

THE "absurd" categories of confidential and classified government information should disappear in the next few years leading to much greater access to information for MPs and the Press, Mrs. Shirley Williams, a former Labour Education Secretary, said yesterday.

Other radical changes in the operatio nof Parliament in the next few years will include.

- The creation of a counter-Civil Service in the form of staffs for the 12 select committees
- A freedom of information act
- A change in the relationship between Ministers, Parliament and the Civil Service with civil servants being held responsible for more detailed administrative decisions.

In a wide ranging speech on "The Decision Makers" Mrs. Williams also told the Royal Institute of Public Administration that the Civil Service, which has little experience of the world outside government, did not understand industry.

"More disturbing, it does not even seem to want to," she said.

The Civil Service structure was not effective in innovation and invention.

"It is a beautifully designed and effective braking mechanism." It produces 100 well argued answers against initiative and change," she said.

Parliament was so seriously understaffed that MPs were constantly "flying by the seat of their pants" in select committees and in other places.

But she predicted that changes in the next years would alter the way Parliament worked. The 12 select committees would demand increased staffing which would create a small counter-Civil Service. This ought to lead to a much higher quality of Parliamentary questioning and inquiry.

In addition a Freedom of Information Act was certain to appear sooner or later, providing much more information for MPs and the Press.

Much less information would be classified. The only categories worth having were "secret" and "top secret" and then the danger of over-classification would have to be watched.

Mrs. Williams said British politics demonstrated a desperate neglect of long-term policy and an almost total failure to involve Parliament in debating where the country was going and how it was going to get there.

No major legislation should come forward without a green paper and a Parliamentary debate on it. That might start to build Parliamentary support for long-term reforms, which needed time to develop.

Mrs. Williams also said that in such a debate MPs on the appropriate select committees should be called to speak only after other MPs had spoken. That would ensure that the wider public interest was consulted and involved.

In addition, Parliament should have time to debate the reports of major commissions and committees including the results of significant independent study and research.

Gas profit of £600m next year —Howell

THE British Gas Corporation is expected to make a profit of £600m before tax next financial year as a result of the recently announced 30 per cent price rise, Mr. David Howell, Energy Secretary, told the Commons yesterday.

The announcement brought loud jeers from the Opposition and one Labour Mp described it as "tantamount to a declaration of war on gas consumers."

But Mr. Howell said the increase "was in line with what the gas corporation recognised was necessary." It was needed for heavy investment to meet the backlog of 7,000 domestic and 4,000 industrial consumers awaiting supply.

Dr. David Owen, shadow Energy spokesman, said that if Britain was to move to economic energy pricing then it was vital that the Department of Energy did not absolve itself from the responsibility for affecting gas consumers.

He urged the Government to make sure that money coming into the energy industries would be available to consumers, both in terms of generous schemes to help the poor and to increase conservation.

● CONSERVE: Conservation measures to protect North Sea gas and oil were urgen on the Government yesterday by Tory MPe. Mr. Peter Viggers (Gosport) said in the Commons that the Government should give guidelines for consumption, and ensure that only enough supplies for Britain's needs were produced.

● DEPOSITS: The Government intends that the deposit protection scheme under the Banking Act 1979 will be brought into operation once the bulk of applications for deposit-taking authority have been dealt with by the Bank of England. "I hope that this will be before the summer recess, Mr. Nigel Lawson, Financial Secretary to the Treasury, said in a Comomns answer.

● STRIKE FUND: the activities of the managers of the Grunwick strike fund have been referred to the Director of Public Prosecutions, Sir Michael Havers, the Attorney General, announced in a Commons answer last night.

● DETENTION: Short, sharp shock treatment in two detention centres starts in April, Mr. William Whitelaw, Home Secretary announced yesterday. "To prepare the way for this, a circular is being issued to the Courts revising detention centre catchment areas giving general information about the regime, and indicating that unless offenders are physically or mentally unfit for the regime, or are sentenced to periods of more than three months, those sentenced after February 21 who go to New Hall, West Yorkshire, or Send, Surrey, detention centres may complete their sentences under the more rigorous regime."

BACKGROUND TO THE WATER WORKERS' DISPUTE

Rejection of offer gives GMWU surprise card

BY PHILIP BASSETT, LABOUR STAFF

THE DECISION yesterday by delegates representing the bulk of the manual workers in the water supply and sewerage industry to reject a pay deal worth 19.2 per cent came as something close to a shock not only to the public, the employers, and, indeed, the other unions involved but also to officials of the General and Municipal Workers' Union itself.

While senior union negotiators had not been fully satisfied with the offer when they agreed earlier this month to recommend its acceptance, they felt it was the most that could be achieved through negotiation.

But just as the negotiations which led to the 19.2 per cent package were spurred on originally by a decision of the same GMWU delegates' conference four weeks' ago for a total strike if the employers failed to improve the then offer of 13.1 per cent, yesterday's decision has suddenly given the union negotiators an unexpected bargaining card.

The difference this time is that the delegates have now set a date for the action to begin and deliberately omitted any suggestion of returning to the employers' side, the National Water Council, for further talks.

Even so, the two weeks' grace of the strike notice gives more than enough time for the employers to reconsider their offer, particularly since Ministers acknowledge that the effects of a total strike in the water and sewerage industry could be even more devastating than the national steel strike.

Some delegates, though, and even some of the more militant pickets at yesterday's meeting, were privately admitting that the most likely outcome would be a return to the employers for a few per cent more, which would probably satisfy the traditionally moderate GMWU membership.

Yesterday's rejection of the recommendation suggests officials had not correctly read the mood of the membership in the depots.

The rejection also gave cause for surprise since in comparison not just with the steel industry but with other more closely related groups such as the local authorities and the health and other public service workers, the offer is reasonably high.

Only groups with such traditional bargaining power as the miners and the Ford motor workers have done better so far.

But the delegates yesterday returned to their original claim for comparability with workers in gas and electricity supply. They pointed out that the gas workers are in the process of accepting a pay deal worth 15-18 per cent and the power workers are looking to make up a 2.4-6.5 per cent differential with the industry's engineers from a recent tribunal award.

They argued that the offer still left them behind these groups.

The offer would have given an overall annual increase of 13.2 per cent, or £18.7m on the wages bill, backdated to December. A second element of 6 per cent from February, or £8.4m on the wages bill, is the employers' payment for the results of a joint comparability report between water workers' pay and those in gas and electricity supply.

Finally, among other improvements, the offer put forward a reduction in the working week from 40 to 39 hours in December this year.

On the employers' figures, though, the offer would have improved average earnings by only 6.4 per cent across the range, from £91.08 £114.16 to £96.94 £121.48.

The delegates argued yesterday that the size of the package was insufficient to meet the original comparability claim for increases of £10 a week.

They said, though, that negotiations should now begin, on this new base, for this year's annual increase to keep them in line with the other two utilities, based on the rest of their claim: a minimum basic rate of £75 a week, and other improvements, which would be a further 15 per cent on top of the new offered rate of £65 a week.

The National Water Council, which has been at pains to play down the likely effects of any dispute since the negotiations began, took the uncharacteristic step yesterday of entering the public fray following the delegates' decision by suggesting a ballot of workers at the depots on the offer.

Intense activity is now likely in the time before the next full meeting of employers and unions just four days before the strike date.

When the recommended offer was finally agreed 10 days ago, unions officials warned that further difficulties were likely over negotiations on the next annual increase in December.

As yesterday's reaction showed, few following this year's negotiations realised that their warning would be put into dramatic effect so soon.

BL pay offer ballot: results out today

BL CARS faced mounting disruption last night as trade union leaders were forecasting rejection of the company's pay offer in the ballot result to be announced at 2.0 pm today.

Production of TR7, Rover Saloon and Jaguar cars was hit last night with more than 6,000 workers on strike or laid off. The main trouble spot was at Jaguar's **Browns Lane** plant, Coventry, where stewards failed to prevent a series of walkouts involving about 400 employees.

The workers were protesting about BL's proposed new grading structure and were acting in defiance of a mass meeting of 4,000 employees which voted last week to work normally while negotiations with management continued. Jaguar output had almost ceased by last night with 900 workers laid off.

A strike by 70 BL gearbox assemblers at **Cardiff** has halted TR7 production at Canley (Coventry), with 1,500 workers made idle, and Rover Saloons at **Solihull**, with 2,000 laid off.

The Jaguar dispute illustrates the sort of problems BL will face when it comes to implement the pay package now being voted on by the 90,000 manual workers.

The company is offering a 5 per cent increase plus a self-financing incentive scheme yielding up to an extra £15 a week in return for fundamental changes in working practices. BL has stressed that it cannot afford to increase the offer nor remove demands for productivity improvements. In the event of an evenly divided vote, BL is expected to press ahead with the changes, regardless of opposition.

Such action, however, could lead to a series of disputes throughout BL Cars over the diverse provisions of the proposed deal. At **Cowley**, the unions have already raised objections to the grading structure and warned of disputes.

At **Longbridge**, the walkout threat by engineering workers over the dismissal of Mr. Derek Robinson, the convener, is receding. But trouble could erupt over new working practices required for the introduction of the new Mini Metro—regarded as crucial to the future of BL.

Methven leaves for Australasia

SIR JOHN METHVEN, director general of the Confederation of British Industry, yesterday started a month's visit to Australia and New Zealand. He is due this week to meet political and other leaders in Australia, including Mr. Malcolm Fraser, the Prime Minister.

Later in the month he is to address the annual convention of the New Zealand Employers' Federation. He returns to the UK on March 9.

London docks badly hit by stevedores' walk-out

BY ALAN PIKE, LABOUR CORRESPONDENT

LONDON DOCKS were badly disrupted yesterday as members of the National Amalgamated Stevedores' and Dockers Union began strike action over their pay claim.

Many members of the Transport and General Workers Union—who have themselves been staging a series of one-day stoppages over pay—refused to cross the stevedores' picket lines. As a result work halted on four ships in the upper docks and four others at Tilbury.

Talks on the London docks pay problems began at the London Enclosed Docks Employers' Association yesterday, and are expected to resume today. Serious disruption will continue if TGWU members again observe the stevedores picket lines today.

The two unions are seeking different pay deals, although both have rejected a 12 per cent offer from the employers.

The stevedores are asking for 30 per cent increases and other benefits, including a shorter working week. TGWU members have asked for more than 40 per cent.

Meccano workers still seek buyer for factory

REDUNDANT workers, most of them women, at the Meccano plant in Edge Hill, Liverpool, yesterday instructed their union negotiators to continue their attempts to find a third-party buyer. About half the 900 staff attended the meeting.

They also voted to continue the 11-week occupation of the factory until February 28, the date agred for Airfix Industries, the parent company, to take it back.

There is to be a third meeting in Liverpool tomorrow of the management - union working party set up to examine any last-minute takeover bid, the only hope now of saving at least some of the jobs.

Airfix said yesterday that it had ruled out any possibility of increasing severance pay offers. Mr. Frank Bloor, chairman of the joint shop stewards' committee said afterwards that the workers were still determined not to give up their attempt to save the factory.

Ford puts 3,500 on short time

Financial Times Reporter

FIVE OF Ford UK's plants are affected by short-time working. A total of 3,500 employees is involved.

The group said yesterday the position had nothing to do with the steel dispute, but resulted from slackening demand overseas.

The agricultural tractor plant at **Basildon**, which had groups of workers on short-time last month, will continue to work short-time this month for between four and 12 days. The plant is feeling the impact of the recession in world tractor markets.

Other plants are being affected by the decline in the Continental car markets, which has forced Ford of Europe to cut output at plants in Germany and France.

At **Enfield** where spark plugs are made, and **Treforest**, which supplies ceramics for the plugs, some employees will be affected for 14 and 20 days respectively until March.

Some employees at **Belfast**, which produces carburettors, distributors and alternators, lose a total of 10 in February and March.

Kit (KD) operations at **Dagenham** has short-time working for a total of six days this month. Car kits are sent to Australia, New Zealand, the Far East and South Africa from Dagenham.

Building workers seek 25%

CONSTRUCTION employers owed their workers substantial rises simply to restore them to their position in the 1975 wages league, Mr. Les Wood, general secretary of the Union of Construction and Allied Track Technicians, said yesterday.

The four construction unions are seeking consolidation of all outstanding supplements, a substantial increase in basic rates, a 35-hour week, more holidays, a pension scheme and improved overtime, shift and sick pay, occupational health services and various improvements to allowances.

The total said Mr. Wood, was "well in excess" of 25 per cent.

"Our union was never in a better financial state, and our people are looking to us to deliver the goods this time," he said. The unions hope the employers will reply on February 28.

Mr John Allen, president of the National Federation of Building Trades Employers, has said that consolidation alone would increase earnings by at least 16 per cent.

Mr Wood said the terms and conditions of building workers were among the worst of any major group. Half of them received no more than the present negotiated minimum earnings of £67 a week for craftsmen and £57.20 for labourers.

"We want comparability with other workers," said Mr. Wood.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY AND SECURITY

Spots and records the crime

A FREQUENT requirement in security television systems is some means of making a record so that visual evidence is available of an attempted break-in, theft or some other crime.

One method is a film camera able to take pictures at short time intervals but frequently these have made use of 35mm film and have been correspondingly expensive.

Now, Shinsei Optical Company is making in Japan a new surveillance monitoring camera called Naicom EX-1 which employs Super 8 movie film in cassettes which snap into place like any amateur cine camera.

The camera has a built-in timer which makes it possible to expose frames at speeds *varying from one every three* seconds to one every three minutes.

Mounted on a pyramid shaped base which incorporates a frame counter, the camera can be lined up using a ball and socket head.

More from the importer, Highgate-Dufay, 38 Jamestown Road, London NW1 7EJ (01-267 4936).

Improved panic bar

ARCHITECTS and managers of theatres, cinemas, conference centres, office blocks and factories will be interested in a new panic bar developed by TI James Gibbons of Wolverhampton *which will give quicker* and safer release of emergency doors.

In this design the conventional rod bar is replaced by a 5 inch hinged flap extending across the width of the door. It is hinged at both ends (some rod designs are hinged only at the bolt end) and has the action of a letter flap on a house door. The remainder of the design ensures that the bolt is always held firm and that no slack develops that will result in malfunction.

Main advantage, however, is that a reasonable push at right angles to the door anywhere along the length of the bar will release the bolt.

The bar can also be released by pressure from below, an important need if a fire escape route is smoke-filled above waist height. Furthermore, a crush against the door cannot produce trapped arms behind the bar, preventing its action, because the flap-bar is relatively close to and lies flat against the door surface.

Name of the new unit is "Format" and all of its working parts are made from stainless steel so that at high temperatures induced by a fire, the mechanism will still function.

A further advantage of the unit is that if someone falls against the bar, the door will open—and he would not hurt himself in the process because Format has no sharp edges.

More from the company at Church Street, Wolverhampton, West Midlands WV2 4BX (0902 58585).

A faster adhesive

NEW, HOT melt adhesive, Instant-Lok 20, couples low viscosity with high tack, yet offers a bond line with high heat resistance, says National Adhesives and Resins, Slough, Berks.

Said to be particularly fast in operation, it is ideal for dauber as well as fast jetting applicators, especially when used with heavy substrates such as corrugated board where, previously, hot melts have been inclined to allow bonds to spring open due to very short compression times.

It can cope with a wide range of sealing applications such as trays, cases, cartons and wraparounds, says the company, and gives very low odour at application temperatures.

● PRINTING

New offset system and sorter

IMPORTANT for in-plant printers, commercial houses and trade typesetting companies is a series of introductions by Itek, *including three new phototypesetters* with capabilities from 5½ to 74 point sizes and a microprocessor-controlled sorter which enables users of the company's platemaker and duplicator units to create a fully integrated offset system of high capacity and operating speeds.

These new models of typesetters are a magnetic tape *cassette machine* (1210), a double floppy-disc memory machine (1211) and the machine which has both cassette and dual floppy memories (1212).

Increments of half a point are provided between 5½ and 12 points; one point from 12 to 36: and two points from 36 to 74.

Four fount types can be loaded into the machines, selectable in any sequence at a keystroke, and there is an extensive fount library which is expanding.

Itek has also made major improvements in the software *available for these machines and* for their predecessors, over 400 of which are operating in Britain at the moment.

"Level One" is the name of the new software option which *gives extremely fine control of* character spacing, again on a single command, together with more flexibility in handling the text on the display.

Format storage space has been increased from 500 to almost 6,000 keystrokes.

Together with the more powerful software goes a simplified *keyboard from which many* of the special function keys have been eliminated in favour *of using very simple mnemonic* instructions, generally of two keystrokes in length.

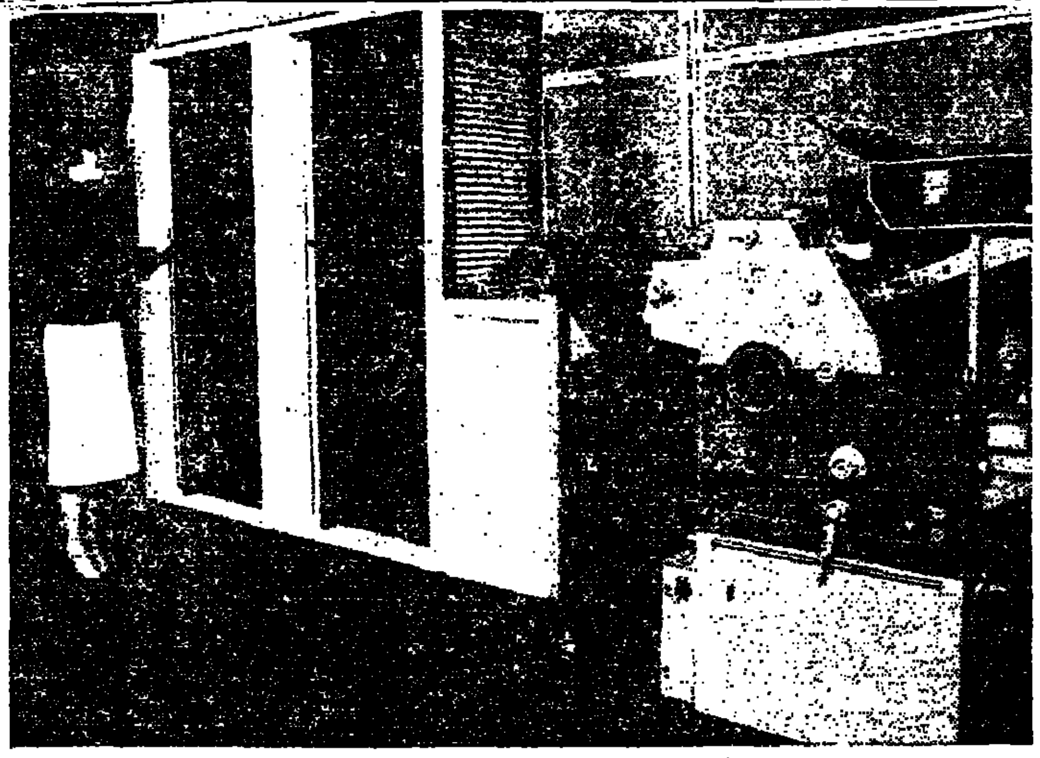
The company's new sorter operates at the high speed of up to 15,000 sheets per hour and the company has developed *control modules that enable it to* run with other manufacturers' equipment, including units from A.B. Dick, Hamada and EMI.

Microcomputer control means that the user can select a very *extensive range of sorting* options from the console which will immediately tell where a misfunction has occurred, though with the patented air-float transport system, this is *infrequent*.

No rollers, pulleys or guides are needed and this cuts down on jams or marking.

Paper sizes from 8 in x 8 in up to 12 in x 18 in, with weights between 60 and 160 gms, can be handled and the basic model comes with 60 bins to which extra capacity can be added in modules of 60. Maximum capacity is 600 bins.

Itek International Corporation, Graphic Products Division, Itek House, Mora Street, London *EC1V 8BT. 01-253 3080.*



Itek's high-speed sheet sorting unit will run with other manufacturer's equipment

● ELECTRONICS

Moving into the UK

LIKELY TO come much more into conflict with Racal Milgo, CASE and Cole Electronics for the £25m UK data communications market for private equipment is General DataComm Industries, which has decided to *set up a subsidiary in the UK.*

Although the Company's modems, multiplexers and diagnostic systems have been supplied through International Aeradio (IAL) for some time, and will continue to be, GDC has decided to set up a subsidiary to offer products and systems directly in the UK, pointing out that the market is expanding at 20 per cent to 25 per cent per annum.

Formed in 1969, GDC now has this year and reports that it is a turnover likely to exceed £50m doubling in size every two years.

The new UK company, General DataComm (UK), will operate from new premises at Wokingham where sales and service will be the first priority, followed by specialised network design. Later on *some* manufacturing will be initiated.

More from the company at Toutley Road, Wokingham, Berkshire.

● COMMUNICATIONS

Fewer cables needed

WHERE A coaxial cable for television distribution already exists in a hotel, British Relay Electronics *reports that it can* now offer a system for injection of radio signals into the same line, removing need for possible further cabling.

Distribution is at radio frequencies and all that is needed is a coaxial connection from the TV socket outlet to bedhead panel, the latter containing a six channel FM tuner, high quality speaker, and an amplifier able to deliver up to 1.5 watts. The appropriate sound volume for the room size and building construction is set by the installation engineer.

Called Radiomaster, the unit can be fitted with additional facilities including transmission of emergency messages even when the room radio unit is turned off, a clock, TV remote control, room light switches, message waiting *indication*, morning call and room status and the control for the company's Accessmaster electronic door locking system.

More from the company at 41 Streatham High Road, London SW16 1EP (01-677 2511).

● TEXTILES

Micros move into knitwear

GRADUALLY electronics are coming to be ever more widely used in the textile industry *although there are certain areas* where the interface between industrial application and the equipment creates a serious problem that is unlikely soon to be overcome.

The latest area of application of microprocessors is in flat-bed knitting and this is opening up a new dimension not only in design potential, but also in the speed at which designs can be transformed from paper to a finished garment.

With the newest electronically controlled flat knitting machines it is also possible to reproduce garment parts that previously were confined to fully-fashioned knitting machines.

Two such machines have been introduced in Britain by Bentley *Alemannia (Belton Rd., Loughborough, Leics. Tel. 0509 69191.)*

The Euro 210 has a needle head of 2108 mm width and is controlled by a microprocessor that may operate either with a magnetic tape cassette or two punched 8-hole tapes. The noteworthy design feature of this machine is that it has a special presser foot so that all types of shaped fabrics may be knitted on it. This represents a major saving as yarn is only used to knit the required shape of the garment being produced. The potential of this is that it now becomes feasible for, say, three garment pieces to be knitted simultaneously on the machine and then used in conjunction with pieces made on a full-fashioned frame.

The 210 has eight yarn carriers, 8 lock patterning and racking on one to 6 needles with half pitch rack for transfer. *Built in 5, 7, 8, 10 and 12 gauge* the Euro 210 runs at a linear speed of 1.2 metres/second.

The second new machine is the "Ace" flat bed knitting machine which is able to knit *up to four colours in the most* complex Jacquard designs, all of which are controlled by a magnetic tape cassette.

Technically, it is a double system Jacquard / transfer machine with individual needle selection on both beds. It is possible in the same traverse to transfer with knitting and tucking.

The bed is 2060 mm (81 in) wide and is available in 5, 6, 7, 8, 10 and 12 gauge. Patterning potential is 144 x 144 standard but this is expandable to 288 x 288.

Linked with the Ace machine is a microprocessor design console that is equipped with a VDU on which the design can be built up in a series of numbers and symbols and which then feeds this information into the control cassette, one of which is able to store a large number of designs which may be recalled at will. Incorporated into this relatively simple design system is a *fail-safe* element that prevents the designer from making mistakes and which also protects designs *from being accidentally erased.*

One such unit can serve any number of knitting machines equipped to take the cassettes, but an interesting aspect of this is that a cassette with one particular design may be positioned in one machine and the design details abstracted into the machine's memory and used to control knitting while the cassette may be removed and placed in another machine either to repeat this design information or even provide data about a totally different design contained on that tape.

● HANDLING

Transfers fluids

SAID TO be unusually low in cost, but offering a wide range of applications, is a range of small general-purpose industrial pumps for transferring fluids in low volumes. They are now available in the UK from CT (London), Walnut Tree House, Woodbridge Park, Guildford, Surrey.

The pumps are of the diaphgram type, have dry priming capability and can run dry without damage. They easily pass small foreign particles such as dirt, sand and powdered chemicals.

Pump body is moulded in *polypropylene or nylon or other* chemically resistant materials, as required, and temperature resistance of the units is generally from −30degF up to 220degF.

Applications include lubrication systems, floor scrubbers, car wash, chemical transfer and bout marking for farm crop sprayers.

● COMPONENTS

Protects the circuits

MAGNETIC recording heads with magnetic circuits protected by a layer of hard metal are being produced by Magnetic Components of Chertsey, a member of the Phicom Group.

The alloy is bonded to the *magnetic cores* and, the company asserts, represents the first use of the technique by a European company though some U.S. and Japanese producers have been applying it for some time.

Applications for magnetic read/write heads made in this way include high-speed production of pre-recorded audio cassettes, computer tape certification and wide-band instrumentation, or anywhere a system must perform at high frequencies with a head which maintains accurate gap definition throughout its operational life.

Magnetic Components is developing heads for all these applications. The first on the market—the AT Series—is applicable to those pre-recorded audio cassette systems which operate at 10 MHz bias frequencies and at tape speeds of 120 inches per second.

The company will shortly introduce other models to suit this type of application as well *as heads for master tape replay.*

MCL says that heads designed in this way can be arranged to operate on the new high coercivity tapes without any reduction of efficiency in the magnetic circuits.

Magnetic Components, Data Products Division, Bridge Wharf, Chertsey, Surrey, KT16 8LJ. 09328 64401.

● INSTRUMENTS

Versatile multimeter

LATEST bench-top 4½ digit multimeter from Gould Instruments Division, the DMM12, has a liquid crystal display, a measurement accuracy of 0.05 per cent and a built-in *facility* for making true root-mean-square (RMS) measurements.

This meter has 27 measurement ranges for AC and DC voltage, current and resistance and optionally can be supplied with probes for radio frequency and high voltage measurements.

Current, voltage and resistance can be resolved on the display to ten microvolts, ten nanoamps and 100 milliohms respectively.

More from the company at Roebuck Road, Hainault, Essex

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

APPOINTMENTS

N. Grimshaw joins British Vita Board

Mr. Norman M. Grimshaw has been appointed to the Board of BRITISH VITA. Mr. Grimshaw has been with the company for 13 years and heads the consumer products division in the UK. For the past two years he has been a director of Vita International.

★

Mr. Ronald Graham has joined the SLEEPLINE GROUP as chief executive. He was previously with Brendon Designs. Mr. R. S. Dawes has become sales director at Sleepline.

★

Mr. John Chiswell has been appointed a non-executive director of WALAW PLANT HIRE, a subsidiary of Walter Lawrence.

★

Mr. John Schofield, group editor of the Enfield Gazette and Observer and the Palmers Green and Southgate Gazette, has been appointed a director of ENFIELD NEWSPAPERS.

★

Mr. P. H. Liley and Mr. R. J. Garnett Harper have been appointed directors of HEAL AND SON HOLDINGS. Mr. Liley, as group design director, also becomes a director of Heal and Son Ltd., Heal of Bromley, Heal's Contracts, and Heal Fabrics. At Heal and Son Ltd., Mr. R. J. Garnett Harper has been made director of the furniture group and retains his responsibilities for liaison between the branches. Mr. C. F. Pilgrim is appointed director of the soft furnishings and accessories group.

★

Mr. Bernard Robinson has become chief executive of Tallent Enigineering. He succeeds Mr E. O. T. Blanford who has retired from that position but remains a director of the company and of the parent concern, Charles Colston Group. Mr Blanford has also been appointed to the board of ITS Rubber.

★

Mr. Peter Hemmingham, previously with DAF Trucks (GB) and Transfleet Services, has been appointed managing director of Wincanton Vehicle Rentals. Other members of the new management team are Mr. Norman Shurrock, director and general manager, commercial vehicles; Mr Peter Reynolds, general manager car hire; Mr. Brian Duke, national sales manager; and Mr Don Armour, vehicles rental manager.

★

Dr. Nico Drost has been appointed chairman of BRITISH EUROPEAN ASSOCIATED PUBLISHERS, the wholly-owned UK subsidiary of VNU, of Holland. He succeeds Sir Roger Falk, who retired at the end of 1979. Two non-executive directors appointed to the BEAP Board are Mr. H. J. Stoel, chairman of VNU's magazine division, and Mr. A. Peart Smith, managing director of Mercury Air Freight.

★

Mr. R. W. Sellors, general manager and Mr. M. B. Burbidge, sales manager, have been appointed directors of the FIVE-WAYS MANUFACTURING COMPANY. Mr. George Bridden and Mr. John Winton, general manager and sales manager, respectively, of W. REYNOLDS AND CO. (HUCKNALL) have joined the Board of that company. The parent concern is Montfort (Knitting Mills).

CONTRACTS

French Kier to build £1m roads at Corby

Corby Development Corporation has placed a £1m contract with FRENCH KIER CONSTRUCTION, Wisbech, for the construction of roads and sewers on the Earlstrees Industrial Estate Extension. This project, funded by the Corporation, is to open up the industrial estate for the construction of advance factories in the drive to get more jobs into Corby for redundant steelworkers.

★

Orders have been received by ELLIOTT GROUP OF PETERBOROUGH worth £1.7m. Work includes a contract valued at £256,000 from Strathclyde Regional Council for police and fire station offices at Troon. Rolls-Royce Motors has placed an order for £37,000 for office accommodation at Crewe, and the Highland Regional Council for £28,000 for classrooms. The Nesco furnishing division has received orders worth £120,000 from Vick International of Egham, and £28,000 from Chesterfield divisional police HQ.

★

A £1m contract for the supply and installation of an electronic exchange in the London headquarters of Bechtel GB has been won by PYE BUSINESS COMMUNICATIONS. The new exchange will have 2,500 extensions, 195 lines for direct dialling in and 175 for outgoing calls. There will be five operator positions.

★

FAIREY WINCHES, a member of the Fairey Holdings Group, has obtained a £500,000 order for its Toyota overdrives in Australia. The overdrives will be marketed by British Leyland, Australia, through its Unipart outlets. The Toyota overdrive, similar to the Land and Range Rover, is a synchromesh unit which increases road speed by 27.78 per cent at the same engine speed.

★

Comision Federal de Electricidad, the Mexican electricity generating authority, will soon take delivery of a complete sample conditioning and chemical monitoring system from EIL ANALYTICAL INSTRUMENTS, a division of Kent Industrial Measurements, worth £150,000. It will be installed on the third phase of a CFE station, which is currently being completed at Mazatlan in the Central Pacific coast region of Mexico, and will monitor chemicals in the steam generation cycle to ensure that the plant operates at maximum efficiency and is fully protected against corrosion.

UK CAR REGISTRATIONS

	January 1980	%	1979	%
BL*	23,840	15.01	39,481	25.32
Ford*	59,780	37.63	36,965	23.7
PSA—Citroen	3,460		3,095	
Peugeot	3,169		3,857	
Talbot*	9,974		11,397	
Total PSA	16,603	10.43	18,349	11.75
General Motors—				
Opel	3,047		2,503	
Vauxhall*	11,192		10,517	
Other GM	86		76	
Total GM	14,325	9.02	13,096	8.4
Renault	9,386	5.91	7,788	4.99
VW/Audi	7,750	4.88	7,961	5.1
Datsun	5,077	3.2	8,407	5.39
Fiat Auto—				
Fiat	4,154		6,625	
Lancia	447		852	
Total Fiat Auto	4,601	2.9	7,477	4.79
Volvo	4,294	2.7	3,536	2.27
Total British	64,502	40.6	72,085	46.22
Total imported†	94,606	59.46	84,136	53.85
Total market	159,108	100	156,221	100

* Includes cars from companies' Continental associates which are not included in the total UK figures
† Includes imports from all sources including cars from Continental associates of UK companies

Source: Society of Motor Manufacturers and Traders

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
Amro Bank	17 %
American Express Bk.	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½ %
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	17 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs.	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	18½ %
First Nat. Secs. Ltd.	18 %
Robert Fraser	18 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
■ Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½ %
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	18½ %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½ %
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE Finniston Committee's proposals on engineering education are potentially far more controversial than the much discussed formation of an Engineering Authority. If implemented, they would constitute a radical upheaval *in the structure* of engineering education in Britain.

Enhancing the education of engineers

Hazel Duffy reports on a course at Brunel University aimed at producing industry-minded engineers

Finniston calls for a three-tier structure, which would consist of education, training and experience—the "formation" of the engineer. This *would lead to three categories* of engineer: (a) the registered engineer diplomate — REng (Dip)—for those showing potential for leading the development of advanced technology and/or the management of engineering operations; (b) Registered Engineer (REng) for the main body of engineers; and (c) Registered Associate Engineer (REng (Assoc)) for those engineers who will work mainly in supporting roles.

The Finniston Committee is anxious that these proposals should not be seen as attempts to standardise all engineering courses. Nevertheless, one of the reasons for recommending an overhaul of the existing structure is the wide variation between good and bad that is now the case. This fact had already been widely *recognised before* Finniston, and in 1978, the University Grants Committee set up new "enhanced" courses at 10 institutions.

One of these, at Brunel University, under the direction of Professor Ray *Wild is working* in co-operation with the Administrative Staff College at Henley.

PROFESSOR WILD has many ideas on what his course is about and firm opinions of what it is not. "Enhancement" does *not mean just the* addition of a slice of business and management studies, plus required experience in industry. He sees it very much as the *extension of* engineering practice which Finniston wants adopted. He maintains, however, that the Brunel Special Engineering Programme (SEP) does not make the distinction between the intellectual and practical approach that Finniston does.

The SEP, he says, aims to produce the enthusiastic and creative *engineer* who really wants to work in industry. At the moment, only 20 per cent of chartered engineers work in research and development, or as engineering scientists and academics. Yet this, says Wild, is what the traditionally academic course is tailored towards. He wants to be able to produce engineers who will be able to apply commercial, design and management practice to the engineering task.

The Brunel/Henley course extends over four years, divided equally between university and industry for the first three years. The fourth year is completed at *university. This leads* to a B.Sc. qualification. If students go on into a fifth year, as most are expected to, they spend it *entirely with their sponsoring* company, and this leads to an M.Eng qualification.

The programme, however, is *designed to avoid the classic* university/industry split. It is organised around five inter-related components which are applicable in the university and industry: engineering principles and systems, mathematical *studies, materials, and management* and business studies, provide the main subject content. *The fifth* component is dubbed with the German term Technik—encompassing the technical and innovative aspects of engineering as well as the science aspects—and provides the focus for the integration of all subject content.

The student is expected to incorporate study and action both at the university and with the sponsor company. The link is emphasised in a very *practical sense during* the student's first university period, when he is given a piece of equipment donated by his sponsor company on which to do his own detailed study. This study on what Brunel calls the artefact is carried over into the period spent with the company.

Artefacts on which first year students on the course are currently working include a ball bearing tester (Rolls-Royce), starter motor (Lucas CAV), helicopter tail rotor blade (Westland), and even a simple can opener (Metal Box) which has provided *much more* scope for study than might at first seem likely.

Most of the project work in the second year concentrates on design. Students are asked to design or re-design components and simple items, *perhaps* part of *larger* artefacts, including those studied during the university period in their first year. In the industry period, they are required to consider the manufacture *of* components and the larger artefacts *of* which they form part.

The third year emphasises the design and control of complex systems, again requiring both formal study and action. By the fourth year, students can specialise, although not necessarily only in one subject. At this stage, it is hoped that the sponsor company has a *good idea of where* it will slot the student on graduation. The fifth, MEng, year is designed to provide a bridge between the undergraduate B.Sc. programme and students' careers in industry.

The course is demanding, and *students are carefully selected* at the outset. The minimum qualification is one A and two Bs at A-level (although some entrants have, in fact, had slightly lower grades) followed by two selection interviews which are designed partly to assess personality (sometimes *these can outweigh strictly* academic considerations), two selection tests and company sponsorship interviews. A glance at the academic qualifications of the first ten students who entered in 1978, and 26 last autumn, confirms Wild's belief that an attractive *engineering course* has no difficulty in claiming bright students.

The academic staff leading *the course, Dr. Medland and* Dr. Rakowski, are supplemented by staff on other courses and from Henley; when the course is up to its full strength there will be considerably more. They say they are impressed by the calibre of the students on SEP —in fact, as a group, said one lecturer from the Department of Electrical Engineering, "they are more able than my *own students." SEP students* are required to reach honours degree level in mechanical, electrical and production engineering, while assessment of their achievements in business studies is an integral part of their final qualification.

An essential element in the success of the SEP will be the contribution that sponsoring companies are able to make. Wild recognises that it places a heavy responsibility on the companies. They are asked, for instance, to treat SEP students in a different way from other *sponsored students. Theoretically*, if they want to go and talk to the financial director about some aspect of the business side of the company, they should be free to do so.

Indirect cost

The SEP can also prove costly to companies. They are expected to pay the students £50 to £60 a week for about half the year, while the indirect cost of making available senior personnel to spend a few days each year at Brunel in discussion with the staff is also a *consideration.*

If the course is to prove a final success in providing the sort of engineers that industry *wants, much of the responsibility* is placed on the company to slot the graduate into the right job. The Finniston report emphasises this point when it criticises companies for frequently not giving graduates the opportunities that they deserve.

Thirty-eight companies have agreed to participate in Brunel's SEP. They are selected following vetting of their training facilities, while they also are invited to examine what Brunel is doing to see if it accords with their aims. Wild thinks the numbers of companies which *are able to come up to these* standards is small, and that this could prove a real barrier to the implementation of Finniston's "formation" of the engineer proposals.

The participating companies themselves appear pleased by the abilities and enthusiasm of the students from the SEP. Rolls-Royce at Derby is sponsoring four students on the course. The Education and Training Manager, Maurice Ford, says he wants "good, rounded engineers with an insight into decision-making" and he is confident that they will emerge from this course.

David Walker, of Sperry Gyroscope, says he likes the inter-disciplinary aspect of the course. "With the normal run of graduates, the first thing that we have to do is broaden their horizons."

The training officers say they have a very good liaison with the teaching staff on the SEP, and like the way that the course attracts people who are not just academically gifted, but are also able to assimilate business experience.

The students mostly express appreciation at the understanding and help they receive from their sponsors. It is clear that they maintain a lot of contact *with the companies during* the six months of the year they are at university, and that the artefact is at the centre of the liaison in the all-important first year.

Wild acknowledges that the course will need to be refined and developed as it goes along. *Already the staff have come up* against the problem that not all the artefacts, chosen jointly by sponsor and Brunel, have been suitable instruments for study by first-year students. This was not made any easier by the fact that the students were given only a short introductory course *to the general study of the* artefact, and some students remained confused.

Other problems will arise as the course progresses. Last year, for instance, three out of the first 10 students did not continue into the second year. They did, however, switch to other *more conventional* engineering courses and stayed with their sponsoring companies.

When the course is fully operative, with a steady intake of 30 students a year, it will be costing around £60,000 a year more to run than specialist engineering courses, mainly because of the higher staff/student ratio that it requires. It will take 10-15 years, when two to three "generations" of students have completed the course, before a full appraisal of its contribution can be made. The indications, however, from *students, staff and sponsors*, certainly seem to be encouraging.

If you can't stand the heat . . .

TOP MALE managers should stop complaining of overwork, and take a cool look at the much heavier burden borne by their wives. They could also learn a thing or two from their long-suffering spouses about how to work efficiently.

Such was the unpalatable message last week for 35 European company executives (all males) attending the Davos *Symposium of the European* Management Forum. After painful deliberation, they had estimated that their average *five-day working week consists* of 52 hours (including business travel). When average weekend work of three hours 40 minutes was added, they reported a total of almost 56 hours a week.

They were then told by John Humble, the consultant presenting the seminar on "Improving Results through Time Management," that a group of 57 wives attending the Symposium—not all of them married to the 35, needless to say—had reported an average working week of 78 hours. The managers' reaction was instant mirth. Appalled, or disbelieving? John Humble thought the former, but other observers of the scene were not so sure.

Any sense of offence on the part of some of the managers was reinforced by the news that the women considered their No. 1 problem to be "the amount of time spent as chauffeur to children *and husband.*" Another high-ranking one was "unreasonable claims from the family," and its antidote: "Learn to say 'No' firmly."

For both the women at home and the men at work, interruptions by the telephone or by unexpected visitors provided some of the most irksome problems: the men's main other complaints were about the amount of reading they had to *do, and the proliferation of* meetings—some were felt to be too long, others completely unnecessary.

The suggestion that many "housewives" organise themselves better than their businessmen husbands stems partly from the Davos survey, but more reliably from Humble's extensive consultancy work around the world. For example, the latter suggests that many *senior managers make no plans* at all about how to "manage" their office day, whereas almost all the Davos wives make both weekly and daily plans.

Apart from the question of size, one of the problems of this type of survey is that it is based on the respondents' own perception of their problems, which as anyone knows—whether about work, health or play—can be highly subjective and misleading.

Thus the men said that job clarity and personal objectives provided relatively little difficulty, and "delegation" likewise. Yet Humble's researches show that, when such executives learn how to manage their time more effectively, clarification of objectives actually saves a considerable amount of time. And increased delegation *usually* proves the second greatest time-saver of all, after the improved organisation, preparation and management of meetings.

In some organisations, meetings eat up well over two-thirds of top managers' time, according to Humble. One of the worst sins in his book is to call a casual meeting, without careful preparation of all concerned; the first step in this process is the establishment of a clear objective for the meeting. But regular, formal meetings can be just as much of a waste of time, *either for reasons similar to* informal ones or because they are too long, too large or altogether unnecessary.

Humble, who is attempting to turn "Time Management" from a collection of what he calls "facile check lists" into a respectable and systematic approach for improving time effectiveness, claims that it is generally possible to "save" about six hours a week. Rather *than in reduced hours worked*, this may consist of a redirection of the hours away from trivial and unnecessary things towards more effective ones.

As far as the management of each day is concerned, Humble supports the time-honoured *advice of listing your daily* tasks, and ranking them in order of importance. Among other benefits, this helps to prevent crises, he suggests (and "crises" were in sixth place on the *Davos* managers' list of problems).

Sceptics may argue that some of this is fine in theory, but not always practicable. Part of Humble's reply is to point to the actual saving—and *improved efficiency — that* has demonstrably been achieved by many managers in a wide range of organisations. Another is to warn against overdoing it; if you try to plan and organise your time for over 60 per cent of each day, your efforts will only produce disappointment and frustration, he says.

To the manager who says he has to work at weekends because he "can't really get any *thinking done at work.*" Humble says, "you are really saying that it's easier to control the family than your subordinates at work." And he argues that the reduction of weekend and evening work has proved a more important motive for time management than managers publicly admit: the wish to improve one's health and spend more time with the family may not "be talked about respectably" in the office, but they are actually major incentives.

* *John Humble and Co., The Old House, Jordans, Beaconsfield, Buckinghamshire, England.*

Christopher Lorenz

LOMBARD

The case for 3p on income tax

BY ANATOLE KALETSKY

POLITICIANS intent on unpopular and unnecessary measures always pretend that they (or, more precisely, the people they govern) are the victims of circumstances and of the misdeeds of previous administrations. There is never any "responsible" alternative to the straight and narrow course the Government has charted. So it is with the forthcoming Budget and with the months of agonising over public spending cuts that have preceded it, and may well follow it.

The Government's deficit has to be kept in check if there is to be any hope of avoiding higher interest rates and reducing inflation. "Unchanged policies," including indexation of taxes and allowances, would leave next year's PSBR at least £1.5bn too high for comfort. But the attack on waste in the public sector has not yielded large and immediate savings, we have been told. Neither has the EEC curbed its insatiable appetite for British money. So, regrettably, there has been no alternative to cutting spending in areas which many fair-minded Britons have traditionally held dear, including education, social security and even pensions. Other cuts, which will exacerbate inflation by raising rates, rents and health charges, are also apparently unavoidable and will increasingly be pursued.

Yet an "O" level economics student with a mind unclouded by political sophistication would find an astonishingly simple way of cutting through the Chancellor's Gordian knot. The least painful and fairest solution to a temporary fiscal predicament is a temporary increase in income tax: reversing the threepenny tax cut which the Chancellor rashly implemented last year, when the Government was least able to afford it, would reduce PSBR at a stroke by £1.5bn. It would spread small sacrifices widely and thinly instead of imposing large hardships on the poor and unemployed; it would in no way fuel inflation, and it would leave the Government with plenty of time and energy to plan a sensible campaign against genuine waste in the public sector.

But how could a Government elected on a pledge to cut taxes, turn round and raise them, after just a year in power? There is an answer even to this objection, for our fiscal troubles are strictly temporary, a fact which ministers have carefully avoided drawing to public attention.

The problem of reducing the PSBR will soon disappear of its own accord, a fact which politicians may be loath to admit if they are intent on using the short-term budgetary squeeze as an excuse for taking unpopular actions with long-term consequences. From this year onwards North Sea oil revenues are set to rise rapidly, as the main oil fields recover their costs, leaving an ever-increasing proportion of their profits to be creamed off by Petroleum Revenue Tax. If oil prices increase by just 6 per cent per annum, then in 1982 stockbrokers Wood Mackenzie predict that the Government's oil take will be £8bn.

Thus, a tax increase this year could be honestly and convincingly presented as a temporary response to a short-term budgetary shortage. Well before the next election, the Government could fulfil its promises by cutting taxes rapidly, and responsibly. Offsetting only half the oil revenues against income taxes, for instance, would permit a cut of more than 10 pence in the standard rate by 1984. Some may argue, of course, that oil revenue should not be spent on tax cuts. But this is surely what the Government had been planning all along: the promises of massively reducing income taxes would have lacked any credibility if they had been based merely on hopes of increasing efficiency in the public sector and of stimulating economic growth, rather than on the certainty of an oil bonanza for the Treasury.

I suspect that most people in Britain would be glad to give the Chancellor back his threepenny tax cut and wait until the Treasury could actually afford to deliver on his election promises—particularly if it was realised that this would open up an alternative course to the stormy and perilous "three years of unparalleled austerity" which the Government seems so eager to follow.

Alsace: fine whites from noble grapes

WINE

BY EDMUND PENNING-ROWSELL

IN A previous article on Alsace wines I described the setting and the set-up of a region which is heading towards an annual average production of one million hl. I also mentioned the surpisingly small proportion of the exports that we drink in Britain. Perhaps some descriptions of the wines may encourage those looking for dry white wines to turn to Alsace.

First, the area is divided in two: the departments of Haut-Rhin and Bas-Rhin. Most of the wines of quality are made in the former, which runs from Guebwiller not far from Colmar to Bergheim, but in the latter, which runs beyond Strasbourg, is produced much the greater quantity.

Categories

Secondly, there are two categories of grape—"noble" and "ordinary." The most widely planted grape is in the second category, the Chasselas, but its name will seldom be found on a label, for it is usually blended and forms part of brands. Marginally a noble variety is the Sylvaner, although on the whole it is not highly regarded. It can, however, be an excellent aperitif wine.

Most of the merchants bottle it early and recommend that it should be drunk within a year or so of the vintage. It is usually fairly light in alcohol and should have a nice fresh nose. I found the '78 very agreeable on the spot, and there is no reason why the '79 should not be as attractive.

More serious is the Pinot Blanc, which is growing in popularity and being planted at the expense of the Riesling as well as of the Sylvaner. Since, unlike anywhere else in France, it is the grape name that receives nearly all the prominence on the label, the character of the wine made from each must be appreciated.

In almost all wine districts the best wines comes from vineyards on the slopes, but Pinot Blanc does well on the predominantly flat ground of the Rhine valley. It is much more full-bodied than Sylvaner, and can be rather heavy and dull, but if well made and bottled its "weight" gives it character. Moreover, it is almost as inexpensive as Sylvaner. In Alsace they believe the Pinot Blanc to have a good future.

The Tokay is misleading in that it has nothing to do with the Hungarian wine, but is a Pinot Gris, and the wine is sometimes sold under that grape label, as Dopf & Irion and Schlumberger do. It is a slightly "earthy," full-flavoured wine and can have a rather "smoky" aroma. It is one of the less grown varieties, and in spite of the fashion in Italy for Pinot Grigio, it perhaps owes its position in Alsace as part of the "collection" rather than through any great popularity. But it can go very well with the fish dishes that are prominent in all Alsace restaurants.

Undoubtedly the two outstanding, distinctive Alsace wines are the Gewürztraminer and the Riesling. There is no grape bearing the former name, for in reality it is the Traminer, and until 1973 wines used to be bottled under that name, and it may have been my fancy, but they used to seem less "insistent" in flavour than those labelled Gewürztraminer, which may now alone be used.

The Alsace variety is much less heavy, and drier, than the type made in the German Pfalz. It is a powerful wine, and is probably the longest-lived wine of the region. To my mind it is the only wine not killed stone dead by smoked salmon and other smoked dishes.

Throughout the rest of France it is the most popular Alsace wine, but in the district itself the Riesling is the more widely appreciated, and I certainly agree with that verdict. Although dry, it is round, full-bodied—though not necessarily very strong in alcohol—and has a delicous bouquet. In the region it is the wine for the main course, and, apart from the special reserve *cuvées*, it is probably at its best at three or four years. The 1976s are drinking beautifully now, and the 1978s are following them well.

Also to be mentioned is the Muscat and the Pinot Noir. The former is typically grapy, and one glass (it is often recommended as an aperitif) can be attractive, but thereafter for me it palls. The latter is Alsace's best effort to produce a red wine, though really it is a *rose*, and if viewed as such a very good one. Visitors from beyond the Vosges may, after a day or two, pine for a glass of red wine, and if they stick to the local produce this is what they will drink. Beyer make a speciality of it, and I found a 1971 in surprisingly good condition, with an excellent bouquet.

If one also looks for a sparkling wine, since 1976 there has been a *Cremant d'Alsace AC*. Made by the champagne method, usually from the Pinot Blanc, the chief producers are Dopff, who have been making sparkling wine in Alsace since 1900, but other firms make it too, including the co-operative at Eguisheim. It is clean, refreshing and of course much cheaper than champagne.

Two fairly recent developments in the direction of producing higher quality wines are of considerable interest to serious wine drinkers.

First, in 1975 a decree was issued setting up an *Alsace Grand Cru appellation*. Confined to wines made from the Riesling, Gewürztraminer, Pinot Gris and Muscat grapes, and having a stated minimum degree of natural sugar, and with a limited permitted yield of 70 hl per ha, it was intended to apply only to wines from the vineyards on the mountainside slopes.

The new *appellation* was not originally planned to denote specifically named vineyards of which there are about 25 well-known ones. They include Schlumberger's Kitterlé, Mure's Clos St. Landelin, Hugel's Sporen (which also has other proprietors), Trimbach's Clos St. Hune and Lorenz's Altenberg.

Excellent wines are derived from these sites, and their names appear on the labels, but the proposal to make the new AC applicable on a vineyard-name basis has aroused controversy, and also concern among the smaller growers that the permitted yield be cut by 30 per cent. So hitherto this new category has not been fully implemented.

The other development is that of copying the German higher categories of spätlese, beerenauslese, etc. The pioneer in this was Jean Hugel, and at first they used the German names, but this has been forbidden, so *spätlese* is now the rather clumsy "*Vendange Tardive*" and at least ten firms now produce it.

The vintage usually does not begin in Alsace until near the middle of October, and these late-gathered grapes are generally picked a month later. Sometimes, in an exceptional vintage like '76, *pourriture noble* attacks the grapes, and wines scarcely less luscious than the finer German wines are made. Hugel, to surmount the problem of description, labels them as produced from "*Graines Nobles*," which is hardly explicit but I can testify to the remarkable quality of these wines, which are, of course, expensive.

Beneficial

The Gewürztraminer in particular seems to benefit from this late picking, as it softens the normally rather aggressive taste. Not only did I sample an excellent Dopf & Inion *Vendange Tardive* '76 (Hugel has a fine one too), but from the same house a '70 that had been picked on 4th December, and was very rich; all but a St. Nicholas wine.

The best vintages in Alsace in recent years have been '71, '76 and '78; and the prolific '79 should be excellent too.

Spartan Missile should atone

RACING

BY DOMINIC WIGAN

SPARTAN MISSILE, a live Grand National Prospect in many National Hunt enthusiasts' eyes—and even a Cheltenham Gold Cup possible for some—will be the chief attraction at Warwick this afternoon.

Michael Thorne's outstanding hunter chaser bids for his third course victory on the rain-sodden Midlands track in the Air Wedding Hunter Chase over two-and-a-half miles. There is every reason to expect another success from the eight-year-old, who is attempting to achieve his 19th victory in a race of this type in four seasons.

The Spartan General chestnut, whose haul over the past three years has included two Haig Whisky sponsored events at Aintree and a foxhunter at Cheltenham, proved a shade disappointing at Sandown on the first of this month. There the 5-2-on favourite never looked like pegging back King Kong II after getting some way behind that veteran in the early stages. At the post Spartan Missile was seven lengths adrift of his senior rival, to whom he was attempting to give 7 lb.

If, as I expect, Spartan Missile lies up closer in today's more testing conditions, he should have the race sewn up some way from home. I take him to enhance his Cheltenham prospects at the chief expense of Rolls Rambler, who has not been seen in public since extending an unbeaten sequence to six with a win in Stratford's Horse and Hound Cup Final Champion Hunter Chase two seasons ago.

Spartan Missile is offered at 33 to one by three of the major five multiples for the Gold Cup, with a top quote of 16-1 for the National 16 days later.

Whatever his fate with Rolls Rambler, Fred Winter is unlikely to leave the course empty handed for I also expect Drive Past to regain winning form in the opener, Division 1 of the Ryton Novices Hurdle. Drive Past, a bay son of Crozier, was very slowly away and never a danger when a costly failure for many here last month. He had previously opened his account at the first time of asking at Worcester, where he admittedly won through a disqualification.

WARWICK

2.00—Drive Past**
2.30—Prince Motacilla*
3.00—Captain Clover
3.30—Latch Man
4.00—Spartan Missile***
4.30—Captain Birdseye

CARLISLE

2.15—Crofton Hall
2.45—Grecian Fighter

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrau Siarad. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Isla and the Farm on the Hill. 5.05 John Craven's Newsround.
5.15 Grange Hill.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Robbie (London and South East only).
7.20 The Rockford Files.
8.10 Decision.
9.00 News.
9.25 Flesh and Blood.
10.20 "Tell Me on a Sunday," new work for television; music by Andrew Lloyd Webber, lyrics by Don Black.
11.00 News Headlines.
12.02 am Weather/Regional News.

All Regions as BBC1 except as follows:—

Wales—10.38-10.58 am I Ysgolion. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Bobol Bach. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol Y Cwm. 7.40-8.10 A Question of Sport. 12.02 am News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 Sing Along with Sunshine. 10.20 Current Account. 10.50 Can Seo. 11.25 Write Away. 11.40 News and weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 10.20-10.50 Spotlight on Northern Ireland affairs. 10.50 "Tell Me on a Sunday" (music by Andrew Lloyd Webber, lyrics by Don Black). 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) In a Country Churchyard; Midlands (Birmingham) Look! Hear!; North (Leeds) Lifelines; North East (Newcastle) Heroes; North West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me! South West (Plymouth) Over To You; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
10.05 Too Big to Bargain With?
10.30 Lost for Words.
11.00 Play School.
11.25 Write Away.
11.40 It's a Great Life.
2.30 pm Dilemmas.
3.00 Propaganda with Facts.
3.30 A Woman's Place?
4.50 Open University.
†5.40 Harold Lloyd.
6.05 The Waltons.
6.50 The World About Us.
7.45 Mid-Evening News.
7.55 Cartoon Two.
8.10 Company and Co.
9.00 *Movie Showcase:* "Between the Lines."
10.40 Animated Conversations.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Airport Chaplain. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Robin's Nest.
9.00 Hollywood: "Swanson and Valentino."
10.00 News.
10.30 Midweek Sports Special.
11.40 Thames Debate.
12.25 am Close: Andrew Cruickshank reads from "Through the Year with J. B. Phillips."

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 6.00 About Anglia. 7.00 Bygones. 7.30 Selwyn. 11.40 Tuesday Late Film: "House of the Damned." 12.50 am Seen God Lately?

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 1.40 ATV Newsdesk. 11.45 Jack Jones in Concert.

BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Luke's Kingdom. 11.30 Stars on Ice. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 5.15 *Bailey's Bird.* 6.00 *Report at Six.* 10.28 Channel Late News. 11.40 George *Hamilton IV.* 12.05 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 6.00 North Tonight. 7.00 The Love Boat. 11.40 Cover to Cover. 12.10 am Reflections. 12.15 North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 11.40 Fireside Theatre.

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best in the West. 7.00 The Incredible Hulk. 11.40 Celebrity Concert.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.16-10.31 am Mwy Neu Lai. 1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 6.30-7.00 Quest of Eagles. 11.40 World in Action. 12.10-12.40 am Father Dear Father.

SCOTTISH

1.20 pm News and road and weather. 1.30 How's Your Father? 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 11.40 Late Call. 11.45 1980 Butlin's Grand Masters Darts Championship.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 11.40 Southern News Extra. 11.45 Police Surgeon.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Selwyn. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 11.40 North East News Headlines. 11.45 Come In, If You Can Get In. 12.15 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop in Your Hand. 10.29 Ulster Weather. 11.40 Barney Miller. 12.05 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. 11.40 George Hamilton IV. 12.05 am Faith For Life. 12.10 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Selwyn. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 11.40 Sidestreet.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 Andy Peebles. 4.31 Kid Jensen from Newcastle-upon-Tyne Polytechnic. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 pm Wix a Little Bit O'Luck (S) The Stanley Holloway story. 9.02 Glamorous Nights (S). 9.56 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Colin Berry (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Soccer Special. 9.30 Glamorous Nights (S) (join vhf). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Rachmaninov (S). 10.00 The Trio-Sonata (S). 11.00 Young Composers 79 (S). 11.30 Hellenic Songs (S). 11.55 BBC Welsh Symphony Orchestra, part 1 (S). 1.00 pm News. 1.05 Six Continents. 1.25 BBC Welsh SO, part 2 (S). 2.05 Music for Bassoon and Piano (S). 2.40 In The Shadows of the Great (S). 3.25 Symphonies from Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Wolf Settings of Morike (S). 7.30 Play Festival: "All That Fall" by Samuel Beckett (S). 8.50 City of Birmingham Symphony Orchestra concert, part 1 (S). 9.25 Interval Reading. 9.30 Concert, part 2. 10.10 At Your Age (story by F. Scott Fitzgerald). 10.50 Haydn and Beethoven chamber music concert (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 For Frightened People. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Sons and Lovers (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 Special phone-in about the Steel Strike. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.5vhf

BBC Radio London: 1485kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Tony Blackburn Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.03 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

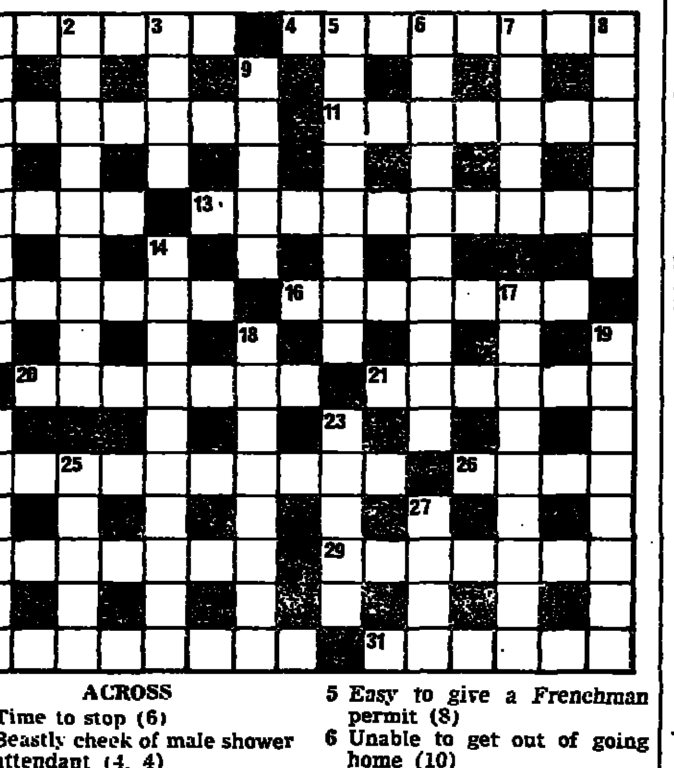
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes Show. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Jenny Lacey—Nightline. 12.00 LBC Reports Midnight. 1.00 am Tara Jefferies—Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm John Sachs (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,198



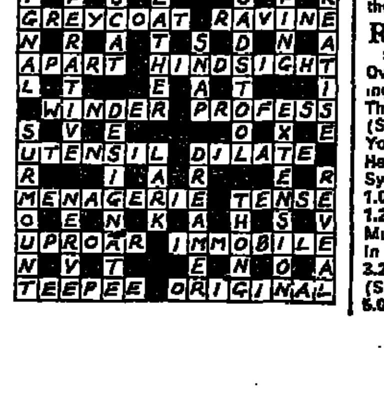
ACROSS

1 Time to stop (6)
4 Beastly cheek of male shower attendant (4, 4)
10 Correspond with Head Office about cry from those in the pink (5-2)
11 Rival bird delayed (7)
12 Mixed-up type daughter found of many colours (4)
13 Junior minister's breakfast cracker that's not consistently good (7,3)
15 Albion may be free till trial (2.4)
16 Let everybody with ring get married (7)
20 Two directions swindler takes forfeiting property (7)
21 Providing matching colour effect with chant (6)
24 Dishonest twin stooping low (4,6)
26 Musicians forbidden sound (4)
28 Nearing trouble to fix in deeply (7)
29 Bird has one drink (7)
30 Jade some find boring (8)
31 Deflection of good beginning by spear (6)

DOWN

1 Erect post in plot (3-2,3)
2 Unsuccessful boarders by the way hope there is one behind (6,3)
3 Ought New York to vote for gem? (4)
5 Easy to give a Frenchman permit (8)
6 Unable to get out of going home (10)
7 Chap welcome to tug (5)
8 Promise kept by uncle (6)
9 Born with burden of earning premium (5)
14 Boat race crew traces winning pools entry (5,5)
17 Calling up English leader to profession (9)
18 Tree left to sailor going over ancient city with miners (8)
19 Part of paper causing a frown (8)
22 Refuse assent to article (6)
23 Thousand inside applaud potato store (5)
25 Turbulent reign in part of Africa (5)
27 Spoken inside Dartmoor all the same (4)

Solution to Puzzle No. 4,197



THE ARTS

Tate Gallery

Abstraction: Towards a New Art

by WILLIAM PACKER

The large exhibition that now occupies the major part of the Tate's new extension (until April 13) could hardly be better timed, for, dealing as it does, and in such depth, with the emergence and various early phases of Abstraction in the years before 1920, it supplies the natural continuation of the story begun so splendidly by the Post-Impressionist exhibition at the Royal Academy. That show, so wide and stimulating in its scope, quite deliberately plants the question in the mind of any curious and intelligent visitor as he passes through the later galleries: what comes next?

Abstraction comes next, of course, the determining, all-pervasive influence upon the subsequent course of the visual arts, and one of the twentieth century's greatest general innovations in our culture. Indeed, it hardly goes too far to say that to fail to come to terms with Abstraction is to brand oneself ill-cultured and ignorant. And yet, though the movement is as old as the aeroplane, the wireless, the cinema and jazz, and can hardly be said still to constitute an aggressive, modernist threat, the crowds now swarming into Burlington House are most unlikely to flock onwards towards Millbank.

Our national prejudices are all too safe, it seems. The other day a distinguished critic and scholar, latterly professor, told me in this connection that a recent lecture of his upon the subject was greeted by a colleague at his university, herself steeped in French literature and doubtless proud of her intellectual and cultural accomplishment, with the rhetorical query: "This abstract art is really all nonsense, isn't it?" In other words, 70 years on from Cubism, she still had not bothered to take an interest. The depressing thing is that just such a response, so arrogant, ill-informed and patronising in its assumptions, and only to be countered by a full rehearsal of the history of modernism, is far from rare, boringly familiar to any of us foolish enough to declare an interest in contemporary art, the conversational commonplace of those who really should know better.

But now at least such mindlessness has no excuse; the work is on the wall, the case made out clearly and straightforwardly in terms that need little further gloss. One only has to look and think to get the point, and whoever cannot take the trouble to do so forfeits what little right he had before to be taken seriously.

So much for the Riot Act, but it does no harm to read it out from time to time; and an exhibition as important as this undoubtedly is, rich in masterpieces borrowed from all over the place, and establishing the background against which so much work is still being done, presents an opportunity too good to miss.

Abstraction, of course, infers a process, quite literally a drawing off or extraling away, a distillation, among other things (SOED), and it seems clear that the residue and the extract have an equal claim to be the object of any such exercise. Painting was ever a simplifying and selective process, the artist forced to pare down whatever the reality he confronted, or to re-state the world in simpler terms; and sooner *or later someone* was bound to turn upon it as a subject for separate consideration and experiment. Such artists as Cézanne and Seurat were clearly preoccupied with the grammar *of the art, with the* technicalities of form and colour, and the nature of vision. The physical presence of the painting itself as a distinct entity already loomed very large.

But it was not until the cubist experiments of Picasso and Braque that an image was first reduced systematically to the point of disintegration and unrecognisability, and it is right that cubism should provide the starting point of this exhibition. Its subtitle, "Towards a New Art," indicates with admirable directness the general intention of the show, which is to examine *particularly this crucial transition* from figuration to pure abstraction, that links an art that is apparently entirely self-sustaining with the direct visual experience of the real world.

Though we start with Cubism, however, it is not exactly given pre-eminence; and indeed a great virtue of the show is that it demonstrates, and in its actual arrangement reinforces, what has been clear for some time—that, whatever the French might feel about it, it was never entirely true that Paris led and the world merely followed. Cross reference and enquiry between artists was frequent, of course, but overall the independence in detail and the multifarious nature of the collective achievement are *astonishing*. Some adventurous spirit was evidently abroad who shared his favours, and here we trace his simultaneous influence country by country, noting parallel development, comparing dates, and coming to some surprising conclusions.

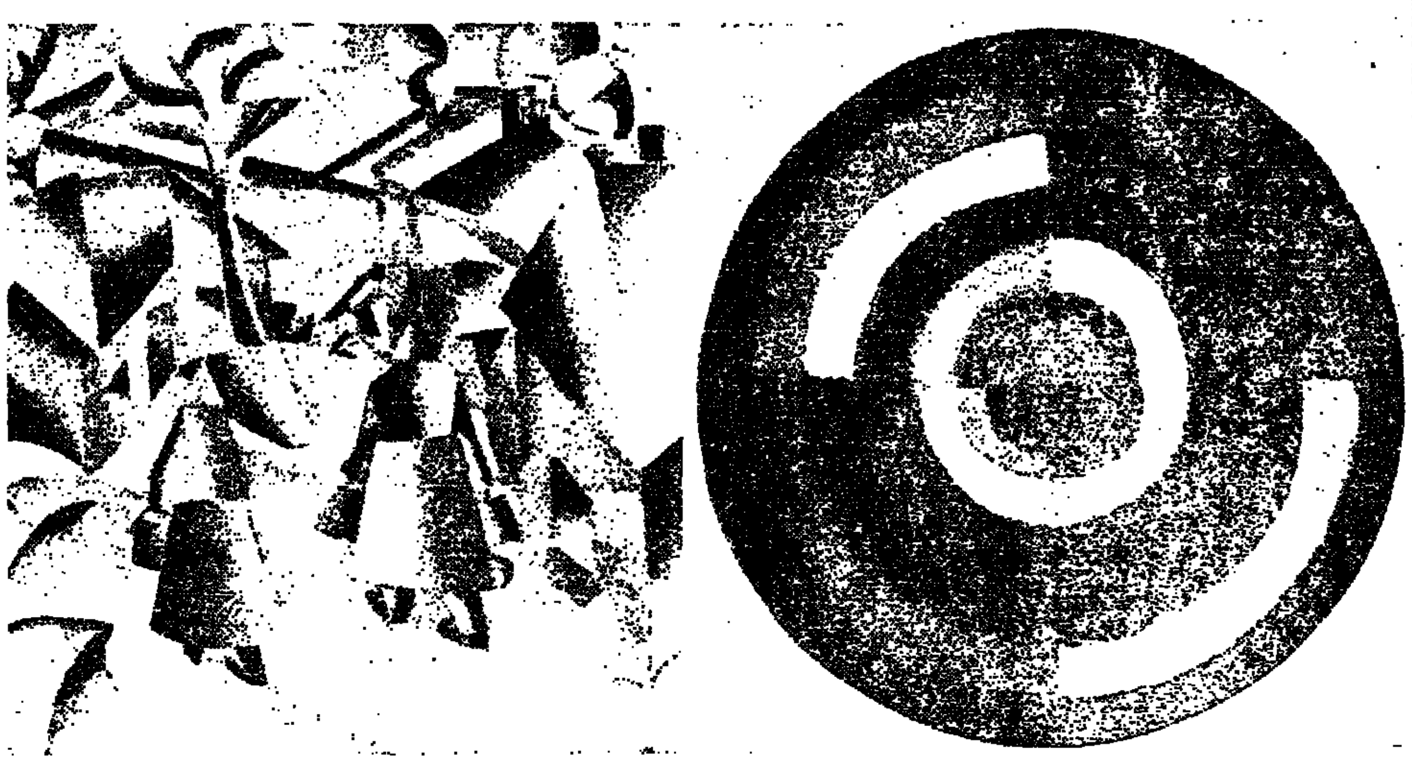
Thus we are led from Paris into the Netherlands and on through Zurich and Munich to Russia, Italy, England and America; and if the chronology is jumbled in *consequence, the* benefit is that repeatedly we come upon sequences of works by individual artists, extending sometimes over several years, *sometimes only a few weeks*, that show us precisely how the abstraction was done, how the final result, apparently remote from an observed reality or experience but in fact rooted in it, was achieved.

The room given over to the work of Mondrian supplies the clearest and most comprehensive demonstration of the point, and the most seductive physical experience of all. From the Dunescapes of c1910 to the severely rectilinear compositions of 1919-20 is a long way to travel, but we take it in the easiest of stages by way of a number of magisterial paintings *and drawings: the Trees c1912*, the Pier and Ocean works c1914, and so to the abstractions of 1917, all external reference and association, however remote, quite drained away.

The wall and a half of Malevich is another example, his progress extraordinarily hectic, from the charming image of two peasants strolling into a cubist village, painted in 1913, on the one hand, his Suprematist minimalism fully resolved only two years later, on the other. But the most succinct demonstration comes from another Dutchman, Theo van Doesburg, whose small still-life of 1918 is the key to short and elegant exercise in reductive abstraction.

The catalogue of great works is long, the Kandinskys on their own enough to justify the visit, opening up as they do the route to abstract expressionism, and there is a handful of marvellous and authoritative early Legers. The English stand up to it all *extremely well. Bomberg especially*, who looks better and better with every picture that goes on show. Here his proximity to Leger is no impertinence, not only happy but positively instructive.

A final word of warning: the show is large and not a little daunting, with no obvious beginning and end, and it is as well to have the Tate's little map of the galleries to hand. Once you have your bearings, however, cutting to and fro to check and compare is as easy as it is worthwhile. And works which once, not all that long ago, seemed so strange and difficult, sit glowing on the walls, beautiful and accessible.



'Morning in Village after Snowstorm' by Kasimir Malevich and 'The first disk' by Robert Delaunay

Round House

Electric Phoenix

by RICHARD JOSEPH

The New Macnaughten Concerts are concentrating on the relatively new field of extended vocal techniques this season; on Sunday night they presented the most promising British group in the medium, Electric Phoenix, at the Round House.

The programme was to have featured a new commission by Rolf Gehlhaar, but the group's electronic equipment was stolen three weeks ago, and it proved impossible to replace the synthesizers required by Gehlhaar's score at such short notice. Instead, the concert was made up of staples of the group's repertoire, affording a welcome opportunity to review the state of this particular art.

The major difficulty in any new medium is the paucity of repertory. The single most successful music using extended vocal techniques, Stockhausen's *Stimmung*, is outside Electric Phoenix's resources as a vocal quartet. Since none of the group are composers, research must of necessity become a collaborative process with creative artists.

Unfortunately, the area of vocal research lacks, at present, a virtuoso composer/performer of the expertise of trombonist Vinko Globokar or oboeist Heinz Holliger. It would, however, be interesting to hear what Electric Phoenix could produce in collaboration with *the American singer/composer* Joan la Barbara, whose open-ended music has a degree of exploratory candour missing from the ensemble works heard on Sunday.

The most enjoyable of these was William Brook's *Madrigal*, an engaging phonemic analysis of some sharply contrasted texts. Opening and closing with stylish glosses on existing works — Gibbons's "The Silver Swan" and Stephen Foster's "*Down on* the Mississippi" — *Madrigal* is long on charm, however short on structure. At its best, it's an unpretentious work which reinforces a new medium's links with such diverse historical predecessors as Elizabethan part songs and Nineteenth Century American barber-shop quartets. *Madrigal* provides audiences with a relatively painless introduction to the field.

Not a soul but ourselves by Roger Marsh is less concerned with purely vocal sounds than with the refraction and diversi*fication of its chosen* text, a short section of *Finnegan's Wake*. This is done with dexterity and affection, and indeed the work's most successful moments are purely verbal. The construction of the piece is nicely varied, with dramatic contrasts between polyphonically built-up blocks of text, juxtaposed in a vaguely Radiophonic Workshop manner. Marsh's and Joyce's sense of humour, *plus an effective* pseudo-Balinesian coda keep the music's head above water.

In contrast, Nigel Osborne's *Poem without a hero* sank without trace. Osborne attempts to *mirror the many* layers of Anna Akhmatova's symbolist/modernist poem of the same name. He aims at a melodramatic operatic style which really requires the apparatus of a large-sized chamber orchestra plus voices to flesh out his gestures and bring them off with some sense of cogency and purpose. He's writing against the resources at hand, so we hear *Women's Own* voice-overs against wooshing vocalises, operatic writing sounding like Tippett askew, completely obliterating the text, a particularly ill-judged melange of ring modulated chords and isolated sung notes and a sequencer-echo plate-Gothic Horror finale that tries to drown the audience in some kind of B-movie cathasis.

In each of these works the new members of Electric Phoenix, tenor Andrew Parrott, bass Terry Edwards (formerly their sound technician) and mixer John Whiting proved as musical and *accurate as their* predecessors, though Parrott's voice lacks the resonance and ease of John Potter's.

The remainder of the programme consisted of excellent performances of two *staple* works of the avant garde vocal repertory. Karen Jensen's well-timed, articulate delivery of Berio's *Sequenza III* had a fine sense of continuity and good vocal colour. It needs, however, to be sung by memory in order to make its fullest impact. Linda Hurst gave a marvellous reading of Cage's *Aria*, revelling in a range of vocal styles from Obratsova to Bassey and readily communicating *her enjoyment* to the audience.

Covent Garden

Fischer-Dieskau

by DAVID MURRAY

Dietrich Fischer-Dieskau's authority is everying that it was, and he and the conductor-pianist Wolfgang Sawallisch make a *formidable duo*. Hardly anything less would have attracted a capacity house on Sunday for a recital devoted not just to Schumann, but mostly to very unfamiliar Schumann, with the stalls at £12.50 each. *The evening* began alarmingly, with Fischer-Dieskau delivering "Windmung,"—transposed down into his boots—like a call to arms (Sawallisch did not force the *lightly tripping accompaniment* to match); but the remaining Rückert songs arrived more gently, all silken tone and ingenuous yearning. With the elaborated fantasies of "Flügel! Flügel!" as in several later songs, Sawallisch proved brilliant at transforming a mood within a bar or two an invaluable gift here, for Schumann was often attracted by poems that cover much territory in a dangerously brief space.

Sawallisch could probably display the developing sense of a song even with a singer who ignored it, but this singer of course never lapses. After Rückert—the programme was grouped by poets, not by chronology — Fischer-Dieskau addressed himself to some bizarrely strained Romantic visions with sober tact, and then to three of the Hans Christian Andersen songs from op. 40, vignettes as morbid as some of the fairy tales. Schumann's settings are harshly simple, and the performances gave them an uncomfortable bite. I had just been listening to the new recording by Peter Pears and Murray Perahia, where the piano parts ripple more seduc*tively*; Sawallisch turned the wedding-dance of "Der Spielmann" into a grim caper indeed, plainly as heard by the cheated lover. Dieskau's ever-youthful ring was painfully appropriate in each of the Andersen pieces, especially in the near-Mahlerian, near-mawkish "Der Soldat."

The second half brought more fraught soliloquies by Lenau and von der Neun, and then a strong Heine group. Dieskau always strikes off Heine's savage cheerfulness to perfection: here the tall-tale-telling of "Abends am Strand" had a delectable crunch, and the laconic chill of "*Es fiel ein Reif*" pierced to the bone. Sawallisch offered a fine insight for "Mein Wagen rollet langsam": the initial piano-figure represents not the trundling carriage, *but* the mocking elvish faces who watch it—he made that quite palpable. In fact he rarely let a lulling texture develop, preferring to break it with small, pointful hesitations. *Before reappearing* with some comfortingly familiar encores, the due ended the recital proper with two of Giebel's Spanish translations, making a riotous character-study of *the bold*, preening "Contrabandiste," as theatrically vivid a sketch as one could want. Fischer-Dieskau's power and variety are still breathtaking.

Romolo Valli

by WILLIAM WEAVER

The Italian actor Romolo Valli, who died 10 days ago, is familiar to an older generation of London playgoers from his performances with the Compagnia dei Giovani during various World Theatre seasons in the 'sixties; many others know him from his numerous films, including Visconti's *The Leopard* and Bertolucci's *Novecento*. But it would be difficult for someone not living in Italy to realise his importance to the Italian theatre and to estimate that theatre's loss, with Valli's untimely death.

Fifteen or more years ago, with his friends and colleagues, the producer Giorgio De Lullo, the designer Pier Luigi Pizzi, and the actress Rossella Falk, Valli brought about a kind of Pirandello revolution, reviving not only the most famous plays, like *Six characters in search of an author* and *Così è (se vi pare)*, but also minor, long-forgotten works like *L'amica delle mogli*. Without Falk, after her retirement, he was an unforgettable *Enrico IV*. Valli was a supreme Pirandello interpreter: elegant as required, but also, if necessary, bumbling, insecure, defeated.

But his repertory was not limited to this favourite author, or to the past. Characteristically, his last performance, the day of his death, was in a new play, a work written for him by his old friend Giuseppe Patroni Griffi. Valli, De Lullo, and Falk had appeared in Patroni Griffi's first play, *D'amore si muore*, over twenty years ago. That play, which launched the author in the theatre, was a romantic, moving story of youth; his new work, *Prima del silenzio*, is a harrowing discourse on age, on *incomprehension*.

The nameless protagonist is a poet who, for many years, has published nothing and, finally, has retired from the world, abandoned his rich wife, his left-wing conformist sons, his former, stylish way of life. Now he lives in a kind of basement, filled with piles of books, dismembered newspapers, rubbish. There, he has taken in another refugee from life, a boy, who has first run away *from home*, then run away from, as he says, "too much love."

For the poet, the boy also serves as a sounding board: but he is not a docile listener. He reacts against the stream of words, even though he himself is painfully inarticulate. And, in the end, he leaves, but not until the poet has received other visitors: his wife, one of his sons; and—a brilliant comic turn—his prissy old manservant.

The play lasts almost two and a half hours, without interval. Of course, it was conceived specifically for Valli, who welcomed the challenge and brought off a brilliant tour de force. Shambling, unshaven, decrepit even, his poet became monumental, heroic a last bulwark of intelligence and perception and wit against the grey anonymity of an advancing new barbarism. Words were this poet's instrument, his meat and drink; and Patroni Griffi put splendid ones in his mouth, which Valli delivered with impassioned conviction. His swan song, as it proved, was a shattering outcry, a brave defence of reason.

Elizabeth Hall

Dezsö Ránki

The Hungarian pianist Dezsö Ránki is one of the many exceptional young instrumentalists who have come out of the Liszt Academy in Budapest over *the past decade*. Like his compatriot pianists András Schiff and Zoltán Kocsis, also born in the early 1950s, Ránki has quickly established an international reputation in the handful of years since his graduation. He has made a strong impression in London on several occasions, notably at a fine Elizabeth Hall debut two years ago; and on Sunday afternoon he appeared there for the second time.

Once more it was not so much as a perfomer of the highest originality, but rather as pianist of quite remarkable technical finesse and youthful mastery, that Ránki made his *strongest* mark. He devoted the first half of his programme to both of Beethoven's "*quasi una fantasia*" sonatas op. 27—every measure of the E flat sonata especially was beautifully gauged and graded, every tempo perfectly judged: the *molto allegro*, almost always played too fast, has its own built-in accelerando, which Ránki rightly allowed to grow, unhurried. *He gave the finale*, too, its full "orchestral" voice, listening to all of the inner instrumental strands, and vividly pointing their colours.

All the more surprising, then, that he should have determined to sidestep so completely the central issue of the "orchestral" sonority of the Moonlight sonata's first movement. It is not necessary, or even desirable, to obey to the letter *Beethoven's famous instruction "senza sordini"* (without dampers) on a modern piano. But to pedal the whole of the movement *secco* is to miss the essence of the effect Beethoven *clearly and twice emphasises* in his score—that major and minor, dominant and tonic, should blur together in one slow-shifting harmonic mist. Ránki is naturally free to choose another course; but Beethoven's is much more interesting.

The rest of Ránki's programme was pure prestidigitation: Debussy's *Children's Corner* spun off (except for Jumbo's Lullaby) very fast and very clear, etched with a super-fine point; and Stravinsky's three *Petrushka* movements done with splendid panache, urged to every limit of dynamic *and speed*.

DOMINIC GILL

RSC plays safe

The financial problems facing the Royal Shakespeare Company have forced it to hold back on its production plans for this year. It is making no firm com*mitments for London* after September and its season at the Royal Shakespeare Theatre at Stratford-on-Avon is confined to five of the most popular plays to ensure a maximum revenue at the box office.

To some extent, the recent successes of the RSC make it a less special case for the limited Arts Council help available than some of its competitors. In the current year it received £1.8m, a rise of only 7.64 per cent over 1978-79 as against over 20 per cent increases to other national companies. It has yet to hear what its 1980-81 support will be (it has *asked for a 30 per cent* improvement) so its programme is very circumspect.

The five productions at Stratford are *As you like it*, with Joe Melia as Touchstone, *Romeo and Juliet*, with Judy Buxton and Anton Lessler as the lovers, *Hamlet* produced by John Barton with Michael Pennington as the Prince, *Richard II* and finally *Richard III*, with Alan Howard as Richard on both occasions.

The Other Place at Stratford also has a Shakespeare, *Timon of Athens*, which has not been performed in the town for 15 years. Its other main productions are *The shadow of a gunman* by Sean O'Casey, *The maids tragedy* by Beaumont and Fletcher; and Edward Bond's *The fool*.

In London the RSC is relying on transfers from Stratford. *Twelth Night*, *Merry wives of Windsor*, and *Othello* (with Donald Sinden) are the Aldwych programme, along with the one new work, an adaptation by David Edgar of *Nicholas Nickleby*, which is to preview from June 5. The Warehouse has a flood of plays from The Other Place, *The three sisters* and *Pericles*, followed by *Anna Christie*, *Baal* and *The suicide*.

A. T.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871, 883897

Telephone: 01-248 8000

Tuesday February 12 1980

Squeezed by inflation

YESTERDAY'S economic indicators made a painfully eloquent contribution to the growing evidence that there are no quick, easy, or even certain, ways of curing inflation. Even if, as the Government borrowing figures suggested, the authorities may soon succeed in bringing the growth of their favoured definition of money back on to its target, there will be a long and troublesome interregnum before industrialists and consumers begin to benefit from the fall in inflation which monetary control should eventually secure. Until the anti-inflationary consequences of tight money feed through into the trend of prices the financial and competitive squeeze on industry will continue to tighten. And it is always possible that external events will push back still further the onset of the benign effects.

Estimate

The jump of 2½ per cent in wholesale output prices in January means that wholesale prices are now 17½ per cent higher than a year ago. That figure, it will be remembered, was the widely-accepted estimate of the eventual peak on retail price inflation, after VAT was raised in the last Budget. It is a reminder of how much more inflationary the backdrop provided by the world economy has become since then; a 17½ per cent increase in wholesale prices, which exclude VAT and mortgage rates, guarantees that the peak of retail inflation will be higher by several points.

Last summer's hopes about inflation peaking in December have, of course, been buried for some time. But an even more distressing feature of yesterday's news was that the prices paid for industry's inputs rose even more rapidly than outputs. While the prices of raw materials are notoriously unpredictable, an increase of 3¼ per cent was well above the worst expectations. Two-thirds of the increase is apparently due to oil and much of the rest is connected with the rush into gold, silver and other precious metals. Nevertheless, an increase of this order in sterling terms, during a month when sterling appreciated by 2.3 per cent against other currencies, raises a number of uncomfortable questions.

Firstly, the continuing strength of raw material prices suggests that the expected world recession is still some way off. But the buoyancy of the world economy is hardly a cause for celebration. For, while it is improbable that a recession will be avoided altogether, it is all too likely that, the longer the downturn is delayed, and the higher the rate of inflation rises in the meantime, the deeper and longer the recession will last. Even a strong exchange rate has provided Britain with little protection from the inflationary influences from overseas. If, as industry hopes, the rise of sterling is at least arrested, the British economy will be still more exposed. However, hard the British government tries to combat domestic inflation, one of the key determinants of success will be the speed at which America sets about rearming itself and the degree to which this rearmament is financed by expansion of its money supply.

Secondly, there is the question of how long British industry can continue to absorb part of the increase in input prices through cuts in its profit margins. Over the past twelve months, input prices have risen by 27¼ per cent and average earnings have increased by around 18 per cent. The increase of 17½ per cent in the wholesale prices index, high as it is, suggests that competitive pressures have prevented businesses from passing on their costs in full. The retail price figures for earlier months have shown similar evidence of intense competition and price-cutting in the retail sector.

Labour costs

While in the short-run this kind of competition is precisely what the success of Government policy depends on, the final outcome must be an increase in efficiency, not a fall in the already low level of corporate profits. These is a danger that the present reduction in profit margins will simply be a further inflationary stimulus in the future. Only if businessmen can respond to the difficult conditions they now face with a determined drive to promote efficiency and reduce unit costs—most prominently, but not solely, labour costs—will the present competitive environment must ensure in the for the economy. The Government must ensure the the Budget that it does nothing to make business conditions more difficult—but it is on managers that the success of the present policy ultimately depends.

Controls over advertising

THE ADVERTISING industry is used to the slings and arrows of outraged opponents. Its objectives are not always understood, nor its methods admired. Theorists criticise its effects, and advertisers in turn criticise the theorists' understanding of its hybrid role—neither art nor science, but a bastard of the two.

As the Department of Trade working party observed yesterday, a number of these criticisms were brought together in a speech in 1978 by the then Secretary for Prices and Consumer Protection, Mr. Roy Hattersley. Matters, said Mr. Hattersley, might be improved: advertisers, he said, could mislead and obscure: perhaps something should be done.

In the end, the Government appointed a working party to consider whether—and to what extent—the existing self-regulatory system of advertising control needed stronger statutory reinforcement. Its report was published yesterday. Mrs. Sally Oppenheim, the Conservative Minister for Consumer Affairs, will consider the Government's response in "due course," though in the meantime the report will probably gain widespread acceptance.

Its virtue is that it proposes definite strengthening of advertising controls without seeking to construct an edifice of new legislation. In doing so it has taken into account the EEC Commission's amended draft directive on unfair and misleading advertising—the scope, weight and extent of whose proposed legislation has been deemed unacceptable to the UK Government.

Injunction

The working party's main recommendation is that the Director General of Fair Trading be given powers to apply to the courts for an injunction to restrain misleading advertisements in cases where he considers that the Advertising Standards Authority is unable to act quickly enough, if at all. This "injunctive procedure" would be based on a new statutory duty not to publish advertisements likely to deceive or mislead. Failure to obey such an order would be contempt of court and punishable as such. The new statutory duty would apply to Government as well as to commercial advertising.

In addition, the working party recommends a number of technical improvements to existing ASA procedures. Advertising trade associations may wish to consider fining their members in order to enforce the voluntary Code of Advertising Practice; and the OFT should explore the creation of a conciliation and arbitration scheme to secure redress for individual consumers.

The report was at once welcomed by the National Consumer Council, which said that the working party's proposals would increase public confidence in advertising and provide legal back-up for use as a last resort when voluntary controls failed. The Advertising Association said that powers of injunction would be a means of controlling the "pirate fringe."

Admired

What may not be generally realised is that the British combination of statutory and voluntary controls on advertising already provides a subtle and far-ranging device for consumer protection. It is not watertight. But in its application it is probably the most admired in the world. At present, some 80 separate statutes, orders and regulations govern the business of advertising. In turn, these are supported by voluntarily accepted codes of practice which complement the legal constraints. The advantage of such codes is that they are able to reflect the spirit rather than the letter and can be readily reviewed and updated to take account of changing social conditions and attitudes.

Yesterday's report is confined to the principal self-regulatory code in the UK, that administered by the Advertising Standards Authority in the print, cinema and poster media. (The broadcast media fall under the control arrangements of the Independent Broadcasting Authority.)

It is the advertising industry's oft-proclaimed ambition to ensure that every aspect of its affairs be managed in a way that is "legal, decent, honest, truthful." Yesterday's proposals, if adopted, could well help it realise its ideal.

The men in the front-line of the trade skirmishes (left to right): Florida Governor Reuben Askew, Mr. Carter's Special Trade Representative; EEC Industry Commissioner Etienne Davignon; Britain's Trade Secretary John Nott; EEC External Relations Commissioner Wilhelm Haferkamp; President of the British Textiles Confederation Leonard Regan; and Chairman of U.S. Steel David Roderick.

Seeds of an Atlantic trade war

BY GILES MERRITT IN BRUSSELS AND IAN HARGREAVES AND DAVID BUCHAN IN NEW YORK

TRADE WARS, like shooting wars, can start as much from misunderstanding as from conflict of interest. And like real wars, too, commercial hostilities can stem from a police action that could not be contained.

That, at any rate, is the assessment of European Commission officials in Brussels who are responsible for coping with the present surge of EEC-U.S. trade disputes. Taken separately, each could be negotiated. The risk is that the issues will not be kept separate and will instead come together into an explosive mixture that could be the basis of a tit-for-tat transatlantic trade war on a scale not seen since the 1930s.

President Jimmy Carter and Mr Roy Jenkins, the EEC Commission President, last month warned against the unravelling of the recently concluded Tokyo Round package of multilateral trade liberalisation deals in the General Agreement on Tariffs and Trade (GATT). And the single strand that has come loose so far is synthetic fibres. Britain's decision to impose quotas on three U.S. products—polyester filament yarn, nylon and tufted nylon carpets—could signal the start of retaliatory protectionism in the U.S.

The Brussels Commission is to try and persuade the UK to place curbs on just polyester filament yarn, arguing that that is the sector in which U.S. producers have made the most serious inroads by pushing their market share from less than 4 per cent in 1977 to almost 30 per cent today. But the Commission will need to tread carefully, for the rest of the European textiles industry is deeply perturbed by the price advantage that their American competitors derive from the hidden subsidy of cheaper petrochemical feedstock caused by oil and gas price controls. Even the free trade champions in the West German synthetic fibres industry last week put their names to an EEC industry demand for Community measures against the U.S. comparable to those being taken by the U.K.

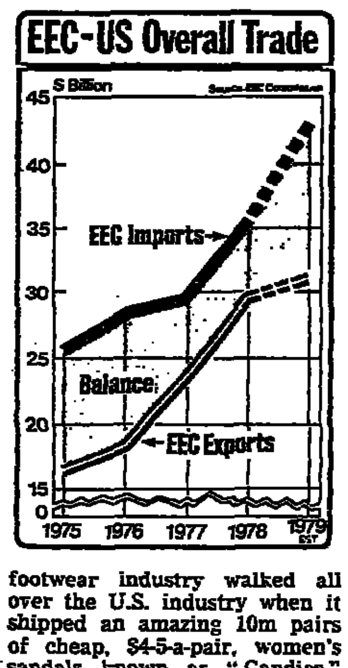
Restraining the European textile industry will be difficult enough. Not only are they scared that the British measures will mean that France and West Germany are the next U.S. targets, there is also concern that Italy should have been granted similar protection to reinforce the anti-dumping measures now giving some relief against U.S. acrylics that have been flooding in. In the UK, the British Textile Confederation is still resentful that the new curbs do not extend to all fabrics with polyester content or to acetates.

Significantly, the European textile industry's moves have been monitored nowhere so carefully as inside the European steel industry. The EEC steelmakers fear that although there is no logical link between the two industries, the U.S. riposte to textiles protectionism would be a spate of anti-dumping actions that could cut EEC steel exports to half the hoped-for 1980 level of about 5m tonnes. Many European steel companies are technically vulnerable to such actions, even if some U.S. producers can sell at up to 10 per cent below imported steel prices. Even if the International Trade Commission were subsequently to find in favour of European companies, import deposits and temporary duties could almost overnight erode importers' confidence and thus lop around $1bn from the Community's trade with the U.S.

Increasing deficit

That, European industrialists are beginning to point out, would substantially widen the EEC's serious trade gap with the U.S. All these trade problems must be set against the background of the EEC's growing deficit on manufactured goods with American industries that export on the back of the declining dollar. According to European Commission figures shortly to be made public, 1979 saw the gap reach $12bn, of which only $4bn was accounted for by the traditional deficit on agricultural items. Only two years previously, industrial trade with the U.S. was roughly in balance. Last year it appears that the EEC's long-standing trade surplus with the U.S. in man-made textiles and clothing was wiped out. The U.S. industry estimates it will have a $150m surplus in 1979 compared with the $300m deficit in 1978.

In American eyes, though, it is the Europeans who are the aggressors. Last year the Italian



footwear industry walked all over the U.S. industry when it shipped an amazing 10m pairs of cheap, $4-5-a-pair, women's sandals known as "Candies" into the American market. And by dint of having increasingly elbowed the Spanish industry aside, Italy is this year being accused of U.S. market disruption in its concentration on the medium-to-top quality shoes sector.

Poultry is another subject about which the Americans are angry. Export restitutions, or subsidies, to European poultry producers are alleged to threaten the U.S. industry's $165m a year international trade. It is small business when compared to other industries—such as U.S. nitrogenous liquid fertilisers produced from the cheaper feedstock that Europeans claim are wrecking their third markets—but it has an emotional importance. It calls to mind the "Chicken War" that rumbled on in the 1960s and early 1970s over a similar problem and which drew U.S. retaliation in the form of special duties on such goods as brandy.

No list of American complaints on trade would be complete without the canned hams and Danish butter cookies that have in recent years produced periodic fits of U.S. irritation. But the withdrawal of the waivers that admit these into the U.S. is not the sort of administration or congressional action that Europe most fears.

The Brussels Commission is worried that the Carter Administration could stop acting as a brake on the U.S. steel industry's moves toward launching anti-dumping suits; that in response to that EEC governments would be hard put to resist calls for community-wide protection on synthetic textiles; and that having retaliated on some of the other outstanding trade issues the Americans might be tempted to tinker with their existing trade legislation.

U.S. diplomats in Brussels share this concern, even if in Washington the mood is to dismiss the various factors as rumours of trade war rather than the beginnings of one. For the Carter Administration's preoccupation is real war in the shape of the Afghanistan crisis and the presidential election in which trade protection is not yet an issue.

The Administration's reaction has so far been limited to an announcement that Governor Reuben Askew, the President's Special Trade Representative, will travel to Brussels on February 18 for talks with Herr Wilhelm Haferkamp, the EEC's External Relations Commissioner, and Viscount Etienne Davignon, who is industry commissioner.

In Brussels the hope is that there will be some determined horsetrading, bringing to a conclusion the confidential Commission-U.S. negotiations that have been taking place on the steel issue. But in the U.S. the emphasis has been that Governor Askew's trip is a "familiarision visit." U.S. trade officials maintain that the steel and fibres questions are domestic matters and should not be linked or discussed together.

Carter-steel dialogue

On steel, the Carter administration has conducted a long and detailed dialogue with the industry, both before and since the emergence of the so-called Solomon plan in 1977 which set up the trigger price system on minimum prices for imported steel.

The argument of the steelmakers, articulated with a new comprehensiveness and detail in the recently published strategy document of the American Iron and Steel Institue, "Steel at the Crossroads," is that the Solomon plan and the trigger price have not worked.

According to Mr. David Roderick, chairman of U.S. Steel and the most outspoken of the Government's critics, at least 8m tons of steel was dumped in the U.S. last year, much of it by European producers. That allows for the possibility that the remaining 8m tons of imports was fairly priced. Mr. Roderick says the trigger price system needs revising to set a second series of minimum prices for European producers based upon European rather than Japanese costs: the latter are used exclusively in determining existing trigger price levels. It also wants similar protection for special steelmakers, whose anti-import quota system expires this month.

Controversial demands

The steelmakers made similar demands in 1977 and got the trigger price. But since then the scope of their other demands has widened and hardened. They want significant and what would be controversial relief from anti-pollution laws and they want a whole package of fiscal changes which would help their companies generate capital for reinvestment. They reckon to need $7bn a year in the decade to put the industry back into shape — more than twice the existing level of spending.

In pressing their demands the steelmen have two weapons. They could launch a wave of anti dumping suits, which the administration maintains would overload the bureaucracy and thereby kill the trigger price system, and they could attempt to wield their political influence against the President in and outside Congress. The scope of that electoral influence is already significant in areas where thousands of men have lost their jobs. The President knows that there [illegible] more closures in the pipe [illegible]— it is estimated that 25 per cent of the industry's capacity is uneconomic — and that these closures could be timed to cause some embarrassment to his campaign.

That said, the administration's inclination seems to be to tread softly and offer Big Steel progress in small doses. It can help a little here and there with environmental costs, it may be able to offer a touch of fiscal relief and if European steelmakers are prepared to offer some form of voluntary self-restraint, there is the making of a package, which may not satisfy Mr. Roderick, but would buy time.

Just as the administration is not over-enthusiastic about accepting blame for its steelmakers' woes, it is not convinced that it carries any responsibility at all for the success of its man-made fibre producers in increasing their exports to Europe.

Officials back the U.S. industry view that Federal control of oil and gas prices is of little relevance to the industry's cost advantage which led to a 43 per cent increase in the export of U.S. man-made fibres last year, with the most significant penetration into Britain's nylon, polyester filament and tufted carpet markets.

It is difficult to get to the bottom of this argument; for while it is true that U.S. manufacturers are far less dependent than Europeans on crude oil-derived feedstocks (about half U.S. feedstocks are oil-derived, half gas), until oil prices are fully decontrolled within the next two years and gas prices in the next five years, some advantage must exist.

Devaluation factor

The U.S. industry says that only 2 or 3 per cent of U.S. fibres can be traced back to raw materials on which there are price controls. The real differentials, they say, are the 15 per cent devaluation of the dollar against the pound last year and the productivity advantages of U.S. companies. The average U.S. polyester plant, it says, has a capacity of 112m lbs a year compared with 52m in the EEC. Man-made fibre output per employee at 39,100 tonnes is very nearly twice that of Europe.

Administration officials accept that Europe can use the same arguments about U.S. steel, which has not built a major new plant for almost two decades, and conclude that the subject is chiefly one of industrial competitiveness and investment rather than one of trade policy or dumping.

MEN AND MATTERS

Thinker must learn a trade

The Stock Exchange, it seems, has still not recovered from the upsets of three or four years ago, when Ronald Grierson — uniquely honoured in being admitted to membership without having to endure indentures or sit formal exams — upped and left his senior partner's post at Panmure Gordon after only two years there.

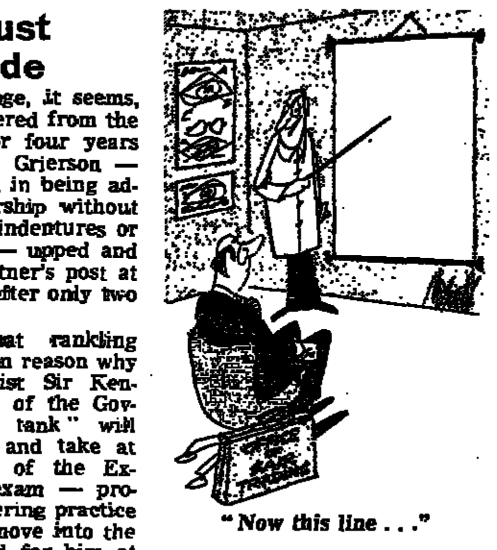
I am told that rankling memory is the main reason why gilt-edged economist Sir Kenneth Berrill, head of the Government's "think tank" will have to swot up and take at least one section of the Exchange entrance exam — probably the part covering practice — before he can move into the seat being warmed for him at brokers Vickers da Costa.

"Grierson did not stick, and that was very unfortunate from the Stock Exchange's point of view," I was told yesterday by one close to the discussion. His early departure is still regarded as an affront by members of the Council who recently sat through a lengthy introspective debate on the question of allowing Sir Kenneth into the club without the usual formalities.

The argument also reheated the old chestnut about the vocational status of the stockbroking business. "It started the questions about whether we are a trade or a profession," my informant tells me. Stock Exchange Council members asked whether it might not be making a rod for its own back by inviting in outsiders with no intimate knowledge. "These questions apart, you must realise how difficult it is to get a council of 40-odd members to agree on anything."

At Vickers, directors' emotions have descended from the "high dudgeon" they say they felt on hearing the news, and have arranged to "stretch the time-scales" accordingly.

Sir Kenneth, who leaves the Central Policy Review Staff at the end of next month, is not now expected to join the brokers until later this summer and will probably take over the chair from Ralph Vickers some time next year. That should allow ample time to bone up on Stock Exchange practice. I learn that one keen applicant for membership passed all four sections of the testing exams after only four months' cramming.



"Now this line . . ."

Biscuit bugs

Rentokil's scientists, in their unremitting search for new nuisances to which they can apply their deadly techniques, yesterday warned the food industry that biscuits containing rye are exceptionally attractive to book lines. Hoping to hear verified my long-standing suspicion that rye crackers perform better as book-bindings than as accompaniments to cheese, I called the company only to be told that the book louse is neither a louse nor does it particularly enjoy eating books. Indeed, a spokesman added, this soft-bodied beetle has a particular penchant for Christmas puddings.

The company has also made another breakthrough in its investigations into industrial creepie-crawlies. The cigarette beetle, a spokesman said, can successfully diverted from its favoured diet. "We have weaned them off tobacco and get them on dog biscuits. And they do very well, too. They breed much more successfully." Good news for the tobacco barons, maybe, but the man from Spillers may not be so pleased.

Lost weekend

Last week's decision by the Fed to rejig its money supply statistics is very bad news for Wall Street.

For years, the Fed released its statistics at exactly 4.10 on Thursday afternoon. It would be no exaggeration to say that the entire multi-billion dollar U.S. bond and money market hung on that moment: if the figures were bad, the market slipped, if they were good, it gained. The timing also gave dealers a whole day to get their breath back and square their positions before the weekend.

The Fed has now shattered this ritual by saying that its new money supply definitions are so complicated that it will need an extra 24 hours to compile them. This means that they will not now come out until 4.10 pm every Friday.

One of the great myths of Wall Street is that people there are workaholics. The opposite is truer. An eerie stillness descends on the place after lunch on Friday. But the Fed's new timing means people will actually have to put in an afternoon's work.

To hosts of traders accustomed to a "quiet" Friday, this amounts to little less than a ruined weekend. Others bewail the fact that they will have to spend their Saturdays and Sundays worrying how the market will respond to the money supply figures when it opens on Monday.

What makes it all worse is the sneaking suspicion in Wall Street that the Fed did it deliberately in order to get its own back on the carping critics who have done nothing but complain about its handling of credit for years.

Cover up

A campaign for more comprehensive insurance cover for MPs, led by 72-year-old Arthur Bottomley, was successfully concluded yesterday when the Commons heard that members are now fully covered for injury sustained in the House or on constituency business. Bottomley launched his lobby after being injured in the House car park. He was badly bruised when Joan Lestor lost her balance on the car park escalator and sent him flying. I wonder, though, does the new deal include cover for such accidents; specifically excluded from the policy are acts of war and "aerial activities."

Robots vs Robbo

Sir Michael Edwardes is, just now, among the people who might prefer to be somewhere else, viz. a hotel in Bermuda which has had the telephones cut off. He may nonetheless have worked up a smile on receiving, the other day, a rough draft of a Fiat Strada advertisement.

Prepared by the prize-bedecked Fiat agency Collett, Dickenson, Pearce, it reads "BUILT BY ROBOTS, NOT BY ROBBOS." For a number of reasons, the ad did not make it to the billboards. One reason may be the Italian car giant's own industrial relations hiccups. Only a few weeks ago chairman Giovanni Agnelli complained more than 200,000 cars had been lost through strikes last year—Fiat dismissed 61 active trade unionists last November claiming they had "contributed to the climate of intimidation and violence inside the plants." One begins to understand why Fiat is so keen on robots. . . .

Observer

A sports car industry for Ulster

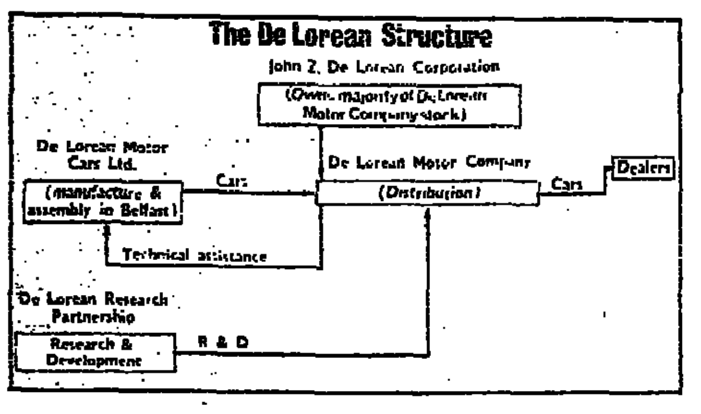
BY JOHN GRIFFITHS

ULSTER FOLKLORE has it that if a sapling in the middle of a field survives natural hazards to become a tree, it is protected by fairies. The one on a 72-acre site at Dunmurry in depressed West Belfast survived the elements but not the arrival of De Lorean Motor Cars' £14m sports car factory. De Lorean's own ability to survive is about to be tested, in the market place. Its new, unorthodox DMC-12 sports car is now on show at the U.S. National Automotive Dealers' *convention in New Orleans* as a precursor to the start of sales in the autumn.

For a time, the tree was no *joke, even if it started as one.* It was overlooked during site clearance and was squarely in the middle of what was to be the ¾m square feet assembly hall. Because of the folklore no-one would cut it down—until it disappeared one night after contractors had spread the word *there was a $100 bill* under it. It threatened at one stage to hold up construction. In the end, it didn't; and neither has much else in the course of the factory's progress at almost breakneck speed towards completion.

The De Lorean project is breaking new ground in several ways. It has emerged at a time of fuel crises, of world-wide rationalisation in the motor industry and of predictions that only the largest will survive the 1980s.

Yet De Lorean fully intends to produce and sell 30,000 exotic stainless steel and plastic sports cars a year, using new techniques, with a labour force which needs to be trained virtually from scratch, at a factory which 15 months ago was a field with two small rivers running through it, in an area which has no motor industry tradition — and furthermore which has seen a decade of sustained and bloody civil unrest.



That the Belfast project should have grown from what 18 months ago was little *more* than an idea in search of finance to a virtually complete production operation bears testament to the abilities and extraordinary persuasive powers of Mr. John Zachary De Lorean, the former General Motors vice-president whose brainchild the *car is. This progress also under*lines the calibre of senior executives from the major motor companies whom he has lured away to join him.

Prototype

The vehicle now on show in New Orleans is the first Belfast-built pre-production prototype of the DMC-12 two-seater (it is awaiting a final name). It was built by some of the 70 Belfast production workers taken on so far in a building used for training. As the workforce grows, production will move to the main assembly line in late spring.

Continuous production is due to start in July and the car should be launched in the U.S. in the autumn and, if all goes well, in Britain and the rest of Europe next spring. By then the Belfast plant should be employing nearly 1,000 production and 300 salaried staff, and moving towards the company's target of 30,000 cars a year by 1982 and the Government's *target of 2,000 much-needed* jobs for Northern Ireland.

De Lorean says it has forward sold the first two years' production of some 40,000 cars to the 328 dealers which have accepted the commitment to buy 50-150 each (without knowing their price). The dealers have also agreed to take up 2,500 shares, representing a $25,000 investment each, in De Lorean Motor Company of the U.S. (DMC), which, *with the Northern Ireland* Development Agency, jointly owns the Belfast company. Mr. De Lorean, DMC's chairman, has predicted profitable trading by the end of next year and pre-tax profit of £60m on a full year's production.

The company is also preparing further models, which may include a saloon and a convertible. If together they were to take up the Belfast plant's full *potential* capacity of 120,000 units a year, the total impact of direct employment could be over 6,000 jobs.

Aid from the British taxpayer comprises a £17.757m equity stake by NIDA in De Lorean Motor Cars, the Belfast company, and £22m in grants and £16½m *in loans from the Nor*thern Ireland Department of Commerce — representing a record £26,500 per job on the initial job forecast of 2,000.

Although the obstacles to the project's success remain *formidable*, it has come a long way since the then Northern Ireland Secretary, Mr. Roy Mason, an*nounced it in August 1978*. It was greeted with widespread scepticism and the Rev. Ian Paisley, one of its fiercest critics, accused the Government of "squandering" public money. Much of that criticism has since evaporated.

About $144m has been raised so far for the project. Mr. Joe Daly, the Belfast company's finance director, says the project is within budget, after allowing for inflation, and Mr. Eugene Cafiero, the former Chrysler president and now chief executive of DMC, *says there are adequate funds to* take the project into profitability. However, a further share offering over and above one to new participating dealers is possible to finance new models.

The Belfast company's revenue will come from selling the DMC-12—at a price yet to be fixed—*to DMC which will sell* to dealers.

The Belfast company has the right to buy NIDA's stake at *any time—it has said it will do* so as soon as possible—and NIDA the right to demand that DMC must buy it out after four years. The full payment of the Commerce Department grants is conditional on employment targets being met. Loans cover periods of five to 14 years at about 13 per cent. NIDA has two seats on both De Lorean boards and "additional interest" in the *form* of royalties of $339 per car for the first 90,000 cars and $82 thereafter.

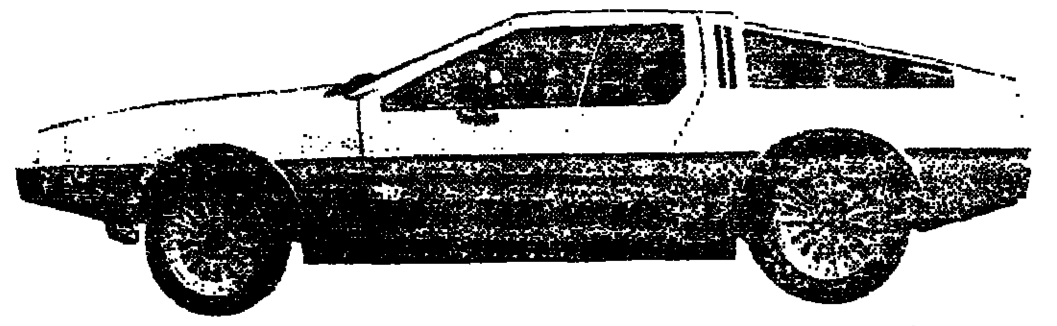
There are a number of restrictions to protect the U.K investment. NIDA has prior claim to *any dividend payments and all* transactions between the Belfast subsidiary and DMC are to be on an arm's length basis. The transfer price is to be fixed so that the subsidiary may be profitable *even if DMC* isn't, and the transfer of funds back to the parent company—and changes in the nature of DMC's business—are forbidden.

Despite this protective hedge, there is no doubt about who is in control. DMC's voting power in the subsidiary far outweighs NIDA's, while even allowing *for* further dilution, through new offerings John De Lorean, through JZDC, a company he set up to launch the project, firmly holds the reins of DMC and it is JZDC which will benefit most if the project thrives.

That, *of course, depends on* whether the car will sell. Can De Lorean hold the price at the level of 10 per cent above that of General Motors' sports car, the Corvette, which is the cornerstone of its marketing policy? Will reliability, service back-up and spare parts availability be adequate to avert a flood of cheap second-hand De Loreans quickly decanting onto the market?

On paper, the car does have sales appeal. Styled by Giugiaro of Ital Design, the DMC-12 is unusual in having unpainted stainless steel body-*work and backbone* chassis, with a glass fibre reinforced plastic (GRP) underbody together claimed to provide a useful life of 25 years. The car, which also has upwards-opening "gull wing" doors, has undergone major development work by Lotus Cars to make the DMC-12 a *practical* proposition and Lotus is expected to play a similar role in bringing on any new models.

Missing from the DMC-12, however, will be the much-vaunted lightweight elastomeric reservoir moulded (ERM) plastic foam for the under*body, intended* to obviate the need for a chassis. Mr. Chuck Bennington, the Belfast subsidiary's managing director, says development work is still needed and the £12m cost of installing a plant is not yet justified. Instead, Lotus' GRP process is being adapted, with ERM likely to be used on later models.


A prototype DMC-12—the version on show in the U.S. has undergone minor styling changes

Executives at Porsche, whose 924 model is most likely, with *GM's Corvette, to vie for Ameri*can sales with the DMC-12, are sceptical that the U.S. can absorb the De Lorean at its intended volumes. The 924's sales there last year were under 15,000 units. De Lorean rebuts the scepticism, pointing to Corvette sales of 48,000 in 1979 and the resilience of U.S. sports car sales to the post-1973 downturn.

De Lorean dealers report that so far more than 7,000 customers have paid deposits, despite not knowing delivery dates or the precise price. The latter is currently most quoted at *about $16,000*, which is within target, but higher inflation in the UK than in the U.S. and sterling's strength could put pricing under strain. Hence the decision to seek safety valves through setting up dealer networks in Europe — former Saab U.S. president Mr. Jonas Son *Kjellberg has just joined* De Lorean to do precisely that—and, later in the Middle East and Far East.

U.S. distribution networks have yet to be finalised—a deal with Alfa Romeo for a joint marketing operation fell through—but De Lorean dealers *are already committed* to mandatory product training scheme and an investment of $10,000 minimum each in parts stock and equipment.

Obtaining the target of 1,600 production workers and most of the 400 staff in Belfast clearly will not be a problem. The company says over 4,000 applications have been received, all from people within a few miles of the plant. However, attracting second-tier management from outside is proving more difficult.

The company is signing an agreement with the AUEW and *TGWU providing considerable* working flexibility with each man being trained for several jobs. De Lorean's American-dominated management is enthusiastic about what it has seen so far of the Ulster worker.

In between

The plant lies between the Catholic Twinbrook estate and the Protestant Lisburn Road. Both urgently need employment; Ulster's unemployment rate is about 11 per cent, but jobless Catholics far outnumber *Protestants and in Twinbrook* it may be nearer 30 per cent.

De Lorean's intake so far has been about 1:1, but it has not been striving for a balance and, although there are two plant entrances to save Catholics travelling through Protestant areas and vice versa, the company has made clear it doesn't want to know about sectarianism. Certainly, there is strong enthusiasm for the project among locals and a declared willingness to work together.

In the meantime, the plant is fast being completed: the conveyor line bases are going into the main assembly hall—which can easily be extended later—where bodies and chassis will be mated on Tellus carriers, *small, computerised platforms* carrying the cars between work stations. The 191,000 square feet body press building 50,000 square feet chassis fabrication plant and emission control and final preparation buildings are also reaching their final stages: a test track is finished: *administrative* "frills" will come later.

Thus the doubts that the project would ever get off the ground appear to be dispelled. Whether the American high-fliers in De Lorean will be able to keep it airborne, only time will tell.

If things go wrong, the biggest loss, however, would be to the people of Belfast themselves and to their *hopes of De Lorean lightening* the gloom of unemployment. What is abundantly clear, looking at what has been achieved in the past year, is that if De Lorean goes under, it will not be for want of trying.

Letters to the Editor

Fourth TV channel

From the Chairman, Fourth Channel Working Party, Incorporated Society of British Advertisers

Sir,—You are to be congratulated for your perceptive editorial (February 7) on the fourth TV channel.

It appears to us that Government worries about the possibility of a "ratings war" are ill-founded since the Independent Broadcasting Authority's controls over programming and scheduling are very extensive and the authority is represented on all the relevant committees.

The programme policy committee is presided over by the chairman of the authority. The work of the PPC is closely *linked with that of the network* programme committee upon which two representatives of the authority sit. The IBA's director of TV is a full member of the programme controllers group which meets weekly to determine the make-up of the network part of the schedules.

Clearly the authority has the means to exercise control and there is no doubt that it does so. To quote from its annual handbook "TV and radio": "Two or three months in advance each company submits its detailed schedule for the authority's approval. Each schedule must meet certain established criteria . . . . All ITV schedules must be approved in their entirety by the authority . . . . On the rare *occasions when serious dif*ferences *of opinion arise*, it is the authority which under the terms of the IBA Act and the company contracts has the ultimate responsibility and the final word."

Obviously the same system and the same obligations would apply to the fourth channel and therefore it is difficult to understand how a ratings war could ever come about. Once that is accepted, the case for the competitive sale of airtime becomes overwhelming.

Derek Bloom
British American Cosmetics,
33, Old Bond Street, W1.

Supplying the rigs

From Mr. J. Francey

Sir,—Mr. Hamish Gray, the Energy Minister, has expressed the Government's disappointment that British suppliers have been awarded a very limited *number of construction* contracts in the development of the biggest North Sea oil field, the largely Norwegian-owned Stat*fjord*. My work gives me an opportunity to meet many manufacturers who have tendered for all available contracts from the very start of the North Sea operations, and in almost every case the time invested has yet to show signs of paying off. The really profitable items, brought in from abroad initially to get exploratory wells drilled and early oil on flow, continue to elude our manufacturers, no doubt for sound commercial reasons, and it now appears possible that little tangible benefit will ever result from finds that *should have* financed not only local engineering production but provided capital for industrial development at a practical level.

Is it possible that we have been going about the business the wrong way? I am thinking of the homely saying—God helps them that help themselves. It is known that the increasing deep-water drilling is even now *utilising every available semi*-submersible rig in the North Sea, and that world utilisation of such rigs available is 98 per cent. There are rig builders here in Scotland with the welding capacity to construct such rigs and the technical skills to design them. If I may limit myself to a work-hungry area I can see from my office window, I am sure that the new owners of the Marathon oil rig construction yard at Clydebank would be greatly encouraged to discuss the possibility of a "speculative" semi-submersible being put in hand at the design stage, pending the completion of the present jack-up type drilling rig being built by the Marathon company, about the middle of this year.

John B. Francey.
59, Aytoun Drive,
Erskine, Renfrewshire.

Dependence on tourists

From Mr. D. Bruce.

Sir,—The recent correspondence about London hotel prices, while highlighting anomalies and misconceptions surrounding the tariff structure within the industry, has tended to underestimate (or even ignore) its dependence on foreign visitors, *and the impact* thereon of the present strength of sterling, which to my mind is one of the central issues involved.

No doubt there is a significant domestic market for London hotel rooms (I do not forget the wide range of weekend special offers, either); but few families can afford such a luxury (most stay with friends or relatives), and business executives are increasingly resorting to company-owned (or leased) service flats. Moreover the British Airways shuttle and faster rail services have done much to reduce the requirement among short-stay business travellers for accommodation in London.

Foreign visitors, on the other hand, do not have such a broad range of alternatives, the choice *for them being much more one* of "pay up or stay away." To evaluate the development over the last 15 months of the "pay up" option, a Swiss visitor, for example, might reason as follows: prices, up 20 per cent (or more); VAT, up 6¼ per cent; sterling/Swiss franc rate, up 23 per cent. *Total, compounded*, up 57 per cent. Since prices in Switzerland have risen by little more than 5 per cent within the same period (indeed Swiss hotel prices have barely risen at all in five years), the resulting increase in the real cost to a Swiss tourist or businessman of a London hotel is 50 per cent.

Of course if one took a different period or currency, say Deutschmark or U.S. dollar, the results would be a *little differ*ent, but over the last year, most foreign visitors have found their real spending power in London *greatly diminished*, both in hotels and shops (even where VAT does not apply). Since favourable shop prices in *London* have for some years provided an incentive to tourist traffic from abroad, it follows that a rise in sterling coupled to high (relative) inflation in the UK creates an effect of a highly-geared nature, which is at present working against the hotel industry. Add to this the likelihood of a general *recession* in the tourist-generating countries, and one has a further ingredient for price *sensitivity* among prospective visitors.

It follows, too, that whatever the price level one selects as a *criterion, be it tourist or luxury* tariff, the relative increase cannot simply be talked away, any more than the wage cost increases and other factors underlying the upward movement in room rates can be reversed.

Douglas Bruce,
Three Owls, Ruchholzstrasse 16,
Ch-4103 Bottmingen,
Switzerland.

Index-linked debt

From Mr. A. Gray

Sir,—The idea of indexation of new government debt sales has become very fashionable among academic economists and investment managers because it is said that funding the public sector borrowing requirement will thereby be made easier and at much *lower nominal interest* rates.

But what use is a value guarantee, called indexation, from a borrower who borrows to pay borrowings and interest and also borrows the extra needed to fund the monetary growth in his liability due to indexation?

Adrian Gray.
31, Russell Road,
Wimbledon, SW19.

The lightest element

From Dr. P. Rowland.

Sir,—When the pound was *dropping* the Bank put Newton on its notes to signal the gravity of the situation. Now that it is trying to rise (to the detriment of our exports) ought he now be replaced by the *lightest* element known — the hydrogen molecule H_2? Or should it be N_2O (nitrous oxide) i.e. "laughing gas?"

(Dr.) Peter Rowland,
2, Harbour View Road,
Parkstone, Poole, Dorset.

Unpaid bills

From the Director of Smaller Firms, Confederation of British Industry.

Sir,—*In reply to* Mr. Whiteland, January 28, I should like him to know that the CBI fully sympathises with the problems arising from overdue accounts, particularly for small firms. Indeed, in November 1979 the CBI council recommended that large firms should recognise the cash-flow problems experienced by small firms during the present period of high interest rates, and honour their terms of payment. A great deal of Press coverage was given to this.

The Law Commission recommends that interest should be recoverable as to right on all overdue contract debts. The CBI is expecting the Government to consult on the basis of this recommendation in the near future and is preparing to respond. While the recommendation is attractive in its *simplicity, it raises a number of* problems which require further careful consideration; for example, whether the right *should* be excludable, whether it should apply to all contracts, when the right should accrue *and whether the cost of collec*tion would be high in relation to the sum involved. The arguments on these issues are finely *balanced* and the CBI is currently considering them. Above all, it is important to be sure that the practical effect of legislation would be to the overall benefit of small companies and not ultimately rebound to their disadvantage.

Miss S. I. L. Elkin,
21 Tothill Street, SW1.

Strains in the Maghreb

From Mr. K. Azzabi

Sir,—Your editorial Strains in the Maghreb (February 4) makes some sweeping accusations about the Libyan Jamahiriya, and the recent incident at Gafsa in neighbouring Tunisia. The foreign secretariat in Tripoli has unequivocally denied any involvement in the Gafsa affair, although your editorial seems content not to mention the fact. Instead the Libyan Jamahiriya is subjected to a series of innuendoes, half-truths and totally false claims by which you attempt to substantiate your allegations.

To support your claims you mention Libya's past ties with Uganda and the Central African Republic, in which you assert the Jamahiriya "intervened." For the record, Libya's ties were based on contacts and *agreements* with the internationally recognised governments of these countries. When intervention did occur, you will perhaps concede it came from Tanzania and France respectively. France also had a military presence in Chad, where Libya gave its support to those *opposed to the French presence* there.

You refer to the vision of the Libyan leader, Colonel Muammer Qadhafi, of a future unity between the Maghreb states, and imply some sinister motive. Yet your editorial admits the strategic importance *of a region whose population* exceeds 50m. Since we are bound geographically, close co-operation in political and economic spheres is surely no more sinister than the countries of western Europe joining together in the European Economic Community. It would be a perfectly logical development, and one which we feel is as inevitable as the EEC.

We resent your attempt to suggest not only Libyan complicity in the Gafsa incident, but also the assertion that the Jamahiriya has no respect for Algeria (and the embarrassment that Gafsa would cause to the Algiers Government). Libya has close political ties with Algeria, a *mutual defence treaty*, and contrary to your editorial, we share a common stand in supporting Polisario and the PLO.

Surely *you must be aware* that the Libyan revolution is committed to a radical political structure, yet it respects the *close ties which exist* between Libya and those Arab states which have a monarchical system, such as Saudi Arabia and Jordan.

K. I. Azzabi,
Press Department,
The People's Bureau of the Socialist People's
Libyan Arab Jamahiriya.
5 St. James's Square, SW1.

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Electrical Contractors Association dinner, London.

Shipbuilding pay talks resume, Newcastle upon Tyne.

Result of BL Cars pay ballot *announced*.

Meccano workers meet management, London.

Mrs Sally Oppenheim, Consumer Affairs Minister, at British Standards Institute consumers reception.

Mr. Thornton F. Bradshaw, Atlantic Richfield Co. president, speaks on "U.S. energy: the practical equivalent of survival," Royal Institute of International *Affairs*.

Business Computing, Word Processing and Information Management exhibition and conference opens, Cunard International Hotel, London (until February 15).

Overseas: European Parliament in session, Strasbourg *(until February 15)*.

Central bankers monthly meeting, Basle.

President Daniel Arap Moi of Kenya on state visit to West Germany (until February 15).

PARLIAMENTARY BUSINESS

House of Commons: ***Education*** Bill, remaining stages. Consular Fees Bill, second reading.

House of Lords: New Hebrides Bill, committee. National *Heritage Bill*, second reading. Matrimonial Homes (Co-ownership) Bill, second reading.

Select Committee: Foreign Affairs. Subject: Increase in overseas students' fees. Witnesses: British Council Overseas Students Trust. Room 16, 4.30 pm.

OFFICIAL STATISTICS

Building societies' monthly figures for January.

COMPANY MEETINGS

Archimedes Investment Trust, 27, Queen Street, EC, 11. Hardys and Hanson, Kimberley Brewery, Nottingham, 12. NSS Newsagents, Ryde House, Chobham Road, Woking, Surrey, 2.30.

COMPANY RESULTS

Final dividends: Crescent Japan Investment Trust. Crest Nicholson. Martin Ford. Donald Macpherson Group. Weber Holdings. **Interim dividends:** Guinness Peat Group. Meat Trade Suppliers. Reliance Knitwear Group. Joseph Webb. **Interim figures:** William Jackson and Son.

Muirhead decides on South London closure

BY RAY MAUGHAN

WITHIN THE next few months Muirhead is to close its Morden, south London, factory. Around 380 people are employed at the plant, manufacturing DC motors and the Muirhead Vactric encoder range.

The group, headed by Sir Raymond Brown, explains that the marked downturn of orders for these components over the past two or three months, coupled with high overhead cost inflation and pressure on margins, means that the factory must be closed as an essential step in the longer term interest of the bulk of the employees and of the company.

The majority of personnel will be offered employment in the five Beckenham factories 11 miles from the Morden plant but there will inevitably be some loss of jobs. The use of modern technology and methods, the Muirhead accounts reveal, have released factory space at Beckenham and around 300 Morden employees will be offered jobs there.

The group has already had to make a number of employees redundant and has redeployed others. The accounts show that in the year to September 30, 1979, the average number on the payroll fell from 1,719 to 1,678 although their renumeration increased from £5,512,000 to £6,706,000.

The fire at the Portuguese subcontractor's factory supplying Vactric Components produced a total loss last October. Although the plant is now partially back in production it "will be a little longer before full output levels are reached."

The effects of the fire on turnover are expected to be felt through to the last quarter of the current year. Profits in 1978-79 fell from £2.17m to £911,000, the dividend was cut to 4p (5.0757p).

The first half of the year, the chairman warns, is expected to be poor and, overall, the year is expected to be a difficult one. "But provided that there are no further dramatic worsenings of the world economy and provided that wages do not escalate rapidly for much longer, improvements in the profit position should be seen in 1980-81," the chairman adds.

The Morden complex comprises around 90,000 sq ft, 10,000 sq ft of which is rented to an external tenant, on a 15-year lease. Muirhead, however, will not be in a position to sell the premises at least until the summer.

As known, Tyco Laboratories increased its stake to 23 per cent earlier this month on the purchase of the 8.4 per cent stake held by the Kuwait Investment Office.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Abercom, Guinness Peat, Meat Trade Suppliers, Reliance Knitwear, Joseph Webb.

Finals: City and Foreign Investment, Crescent Japan Investment Trust, Crest Nicholson, Martin Ford, Donald Macpherson, Weber Holdings.

FUTURE DATES

Interims—	
Blackwood, Morton	Feb. 15
Sime Darby Berhad	Feb. 20
Trafford Carpets	Feb. 15
Finals—	
Abbey Panels	Feb. 18
Carpets International	Mar. 27
General Funds Invest. Trust	Feb. 14

F. Pratt Engineering outlook clouded by the steel dispute

THE current steel strike, unless quickly resolved, is bound to have an adverse effect on the activities of F. Pratt Engineering Corporation, Mr. A. M. G. Galliers-Pratt, chairman, warns in his annual statement.

The group has partly ensured against supply shortages by increasing its raw material stock levels, but this benefit could be eroded if UK customers are unable to accept the appropriate products from Pratt due to a diminution of their own activities.

"It requires only a few weeks' stoppage of production or materially reduced levels of production to eliminate many months of hard earned profits," says Mr. Galliers-Pratt.

Looking on the positive side, the group has continued to receive orders at a satisfactory level and order books continue to be acceptable taking into account the effects of inflation.

As reported on January 31, despite a second half pick-up pre-tax profits for the year to October 31, 1979 fell from £952,000 to £836,000.

The balance sheet shows group fixed assets of £8.61m (£5.13m) and net current assets of £6.18m (£5.53m). Working capital increased by £144,000 (£496,000 decrease).

Meeting, Grosvenor House, W., on March 19, at noon.

Blundell-Permoglaze new range starts well

AN INSULATION system new to the British market, has been developed by the building chemicals division of Blundell-Permoglaze Holdings. Only launched in December, there has already been considerable interest shown in the Thermarend system which can reduce heat loss from solid wall buildings by at least 20 per cent.

Commenting on the new product in his annual report, Mr. N. G. Bassett Smith, the chairman, says Thermarend is a significant addition to the company's range and will assist the division to attain profitability.

The first full year of operations in Powder Coatings proved to be a great success and sales exceeded expectations. The profit contribution of the decorative division was the best ever achieved, and the new resin plant at Hull, which came into production just before the year end, is proving to be a welcome addition to the company's facilities.

The Dublin manufacturing unit continues to make progress, and planning for a new factory is now well advanced and a suitable site is being sought.

As reported on February 1, group pre-tax profits increased from £1.78m to £2.19m in the year to October 31, 1979, from turnover up from £18.95m to £20.76m. Tax came out lower at £694,808 against £813,492.

Group net current assets improved from £5.95m to £6.86m.

Meeting, Connaught Rooms, WC, March 5, noon.

Govett Euro Trust ahead at six months

An increase of 30 per cent in net pre-tax revenue is reported by Govett European Trust for the half year to December 31, 1979, with the surplus advancing from £322,555 to £419,004.

A single dividend of 1.8p was paid last year on total pre-tax profits of £932,000 (£1m).

Gross income for the six months rose from £499,438 to £540,881 and there is a tax charge of £182,000 (£154,000). Net asset valut is 71.4p (76.2p).

Sound Diffusion setback but dividend to rise

PROFITS for the year ended December 31, 1979 at Sound Diffusion will be around half the 1978 level of £790,000, says Mr. C. R. P. Stonor, chairman, in a preliminary statement.

The company's shares reacted strongly to the news yesterday falling 12p to 63p at the close.

Mr. Stonor says there was no setback in the company's trading pattern but blames "abnormally high interest rates."

The directors, however, forecast an effective increase of 31 per cent in the dividend for the year, from 0.8p to 1.05p net per share.

As well as suffering directly from interest payments on its borrowings, which stood at £2.7m net at year-end 1978, the company makes an interest-related guarantee to the finance houses to which it has sold long-term rights to rental from its installations.

The "par" interest rate at which deals have been struck is 8 per cent. The high rates of 1979 meant that £700,000 "topping-up" money had to be paid to the finance houses.

While high interest rates reflect badly in the 1979 figures, Mr. M. S. Wardman, a director, maintains that "far from being bad news, high interest rates and inflation do benefit us."

This is because Diffusion's rental agreements contain a clause linking rental payments to the Government wage index. Index-related rises do not fall again with the index.

The £700,000 payments should therefore be related to the £3.5m in increased rentals which will be received over the next 14 years, following a 10 per cent rental increase triggered at the end of 1979.

Good trading was seen in 1979, with new business up 50 per cent, says Mr. Wardman. There was a significant increase in operating profit (£658,000 in 1978), stripping out surpluses accruing from repurchase and resale of rental contracts by the company.

The company is now planning to purchase two affiliates, Sound Diffusion (Manufacturing) and Sound Diffusion (Service), which are controlled by the parent company's chairman and secretary. The companies operate on a cost-plus basis; net assets at the 1978 year end were £463,000.

Arrangements for the sale are likely to be presented for shareholder approval at the annual meeting in the autumn.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
African Lakes	4.4	—	3.67*	4.4	3.67*
Coronet Ind.	3	Mar. 31	0.4	3	0.4
Ladies Pride	2	—	1.01*	3.4	1.8*
Manchester Ship	10.88	April 8	10.88	18.38	17.87
Murray Western Inv.	1.6	April 2	1.23*	2.1	1.7*
Murray Western Inv. int.	0.5	Aug. 29	0.5	—	2.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Murray trusts report

FOR 1979, Murray Western Investment Trust, managed by Murray Johnstone, announces an increase from £2.48m to £2.84m in pre-tax revenue.

Tax for the 12 months took £1.13m (£1.05m) and, assuming full conversion of "B" share, earnings per share are up from 1.8p to 2.17p. The final dividend is 1.6p net for a 2.1p (1.7p) total and an interim payment of 0.5p net (same) has been declared for 1980.

The net asset value per share at the year end was 77.1p compared with 84.4p.

Another of the trust managed by Murray Johnstone, Murray Caledonian Investment Trust, improved pre-tax revenue from £758,364 to £810,868 in the six months to December 31, 1979.

Recovery seen by Bluemel

GIVEN UNINTERRUPTED production, Mr. B. J. Ditcham, chairman of Bluemel Bros., anticipates a recovery in group profits for the current year. For the last 12 months to September 29, 1979, as reported on December 20, the pre-tax figure showed a decline from £313,132 to £189,134.

In his annual statement Mr. Ditcham says the current year has started with a full order book for cycle products, and the company is endeavouring to fulfil customers' requirements as quickly as possible despite problems of shortages of parts due to last year's strikes.

There has, however, been a slight fall in demand recently and some cancellations of orders from customers, due to high interest rates.

Demand for industrial products remains healthy and on the Moto and steering wheel side of the business the company's market penetration should be well maintained.

Competition remains very strong, particularly in registration plates and cycle products. Also, adds Mr. Ditcham, the company still faces inflation in overhead costs, and borrowing charges are likely to be high.

Motor troubles affect sales of Leys Foundries in current year

THE CURRENT year has not started well at Ley's Foundries and Engineering, Mr. F. D. Ley, chairman, tells members in his annual statement.

A long strike at a major customer in the motor industry has affected sales in the first two months, and there are problems because of the steel strike.

Strenuous efforts are being made to adapt to current circumstances by reducing operating costs so the group may respond more effectively to competition at home and abroad, he states.

As reported on January 12, a pre-tax loss of £160,047 was incurred for the September 30, 1979 year (£1.19m profit). The dividend was maintained at 4.3p, however.

Since the year-end the group's structure was changed following the joint venture with the George Fischer Group and Mr. Ley confirms his statement, last November, on the agreement; "Ley's and George Fischer believe that Ley's George Fischer will become a significant force in the UK iron castings industry."

Balance sheet shows a bank overdraft of £1m (nil)—net current assets were £11.15m (£11.38m) and total assets £18.58m (£19.32m)—but the chairman says that since September 30, the group's liquidity position has improved substantially following the participation by George Fischer.

Net liquid funds decreased by £1.36m against £1.49m.

Meeting, Derby, March 5.

TSB Trust's savings plan proves popular

A successful year in 1979 for life assurance sales is reported by the TSB Trust Company, the insurance and unit trust arm of the Trustee Savings Bank. New annual premiums advanced by nearly 50 per cent from £15.3m to £22.5m, while single premiums sales amounted to £12.5m against £1.1m in 1978.

The Trust's linked regular savings scheme, the Harvest Savings Plan, was very popular, with new annual premiums jumping 48 per cent from £15m to £22.1m, and the number of plans sold rising by one-quarter from 59,000 to 73,000.

However, sales for protection term assurance contracts declined last year, the number of policies issued falling from 13,000 to 9,700.

The success of the Trust's sinble premium business came from the buoyant guaranteed income bond sales, even though the Trust, as a member of the Life Offices Association, declined to market the type of bond that uses the tax relief in an artificial manner.

A total of £11.5m was sold during the latter part of the year. But sales of the linked life bond, the Harvest Bond, remained static at around £1m.

The Trust also experienced considerable success with its home insurance plans launched last year, enabling persons to insure their house, the contents or both. By the end of the year a total of 3,309 policies for sums insured of £53m had been sold, the majority being for contents insurance.

M & G offers premium to foreign fund investors

M & G, the unit trust group which has run into problems with the Inland Revenue, is offering investors in its foreign life fund wishing to cash in their units, a five per cent premium over the surrender value. The premium will be paid out of shareholders' funds.

Just before Christmas, M & G announced that a potential £7m deficiency had been discovered on the £8m foreign life fund. This was a result of a successful Inland Revenue challenge of the fund's tax exempt status by the Inland Revenue.

M & G itself has since put up £2m to cover the liability while Kleinwort Benson, the merchant bank which has a 37.5 per cent stake in the group, has undertaken to cover the balance in return for the right to increase its stake to 51 per cent. None of M & G's unitholders are affected.

By offering unitholders these terms and thereby it hopes reducing the size of the foreign life fund, M & G hopes to limit the deficiency which largely consists of future losses.

M & G also argues that unitholders should benefit by not being linked to a shrinking fund—no new money has been coming in and older investors are cashing in their policies.

M & G's foreign life fund is primarily a reinsurance vehicle for offshore life companies. These have all been notified of the offer and at least one is understood to be advising its policyholders to accept.

NAME CHANGE APPROVED

FOLLOWING Department of Trade approval the name of the unit trust group Cosmopolitan Fund Managers has been changed to Chularton Fund Managers. Cosmopolitan was acquired before Christmas by C. P. Choulerton Sons and Partners.

Manchester Ship Canal loss

IN THE second half of 1979, the Manchester Ship Canal Company incurred a loss of £188,000, against a profit of £268,000 last time, which meant that the full year's pre-tax surplus fell from £1.99m to £1.78m. Operating revenue for the year, however, moved up £0.7m to £25.19m.

Operating profits were down at £1.05m against £1.73m, but loan and investment income increased from £0.93m to £1.37m. Interest took £652,000 (£692,000).

Earnings per £1 share before tax are shown as 43.7p (49.2p) and net earnings per share as 25.1p (36.5p). The net dividend total improved from 17.867p to 18.38p, with a final of 10.88p.

Tax charge was up from £480,000 to £700,000 and the retained surplus emerged at £144,000, compared with £630,000.

2,000 Jersey registrations

Due almost entirely to a marked increase in the number of overseas trading companies set up, there were a record 2,020 companies registered in Jersey in 1979. This compares with 1,765 and 1,769 in the two previous years.

The amount of overseas concerns rose from 759 to 1,008 in the year.

There were 720 dissolutions, making the registered total 13,813 at December 31.

Progress for Ladies Pride

PRE-TAX PROFITS of Ladies Pride Outerwear moved ahead from £1.01m to £1.13m for the year ended November 30, 1979, and directors say the level of trading continues to be satisfactory. Turnover for the year rose from £6.44m to £7.98m.

And the dividend is effectively boosted to 3.4p (1.799917p) net with a final payment of 2p per 20p share. Also proposed is a one-for-five scrip issue.

Last July, interim profits of £507,544 (£451,197) were reported. The directors said that product demand continued at a satisfactory level, and that all production units were fully committed for the autumn season.

After slightly lower tax of £526,000 against £533,000, net profit came out at £602,000, compared with £476,000, giving earnings of 8.9p (7.1p) per share.

Coronet Ind. payment up to 3p

THE DIRECTORS of Coronet Industrial Securities are lifting the dividend, for the September 30, 1979, year, from 0.4p to 3p net from earnings of 43.6p per 10p share, compared with 28.5p.

From turnover of £11.13m against £8.84m taxable profits for the period advanced from £516,000 to £586,000.

There was a tax credit of £75,000 (£80,000 charge), and after an extraordinary credit of £76,000 (£10,000), the attributable balance came out well ahead at £730,000 compared with £437,000.

The company distributes electrical and electronic equipment and manufactures clayware products.

Sotheby dismisses bid rumour

MR. PETER WILSON, the outgoing chairman of Sotheby Parke Bernet, said yesterday that he had no knowledge of a potential bid offer for Sotheby's. Speaking at the annual meeting at the New Bond Street office, Mr. Wilson said, "So far as the directors are aware, any such rumours are unfounded."

The question of a bid has arisen in the wake of a rapid jump in the Sotheby share price. In the past month, the share has moved from 385p to 508p.

Mr P. Spira, the group finance director, commented, "We are seeing widespread buying in the U.S., including institutional investors, but we really don't have any sign of a bid."

Equitable Life bonus rates at record levels

The Equitable Life Assurance Society, the oldest mutual life company in the world, has lifted its bonus rates on with-profits contracts to their highest ever levels, following the three-yearly valuation on December 31, 1979.

On endowment assurance contracts, the reversionary bonus rate for the three years ending December 31, 1979, is fixed at £5.25 per cent per annum of the sum assured and £3.50 per cent per annum of the attaching bonuses. The previous rates were £5.25 per cent and £2.625 per cent respectively.

On whole life policies, for contracts in force less than 12 years, the bonus rate is £5.80 per cent per annum of the basic sum assured against £5.75 per cent at the previous declaration. For policies in force more than 12 years the bonus for the whole triennium is £1.45 per cent of the sum assured for each complete policy year since inception. The previous rate was £1.15 per cent for policies in force at least 15 years.

On flexible savings plans in force less than 15 years (at present applicable to all contracts) the bonus rate is lifted from £5.75 to £6 per cent per annum of the basic withdrawal value.

On retirement annuities, for the self-employed, individual and group pension plans, including voluntary contribution schemes, the reversionary bonus rate is improved from £6.50 to £8 per cent per annum of the basic benefit and attaching bonuses.

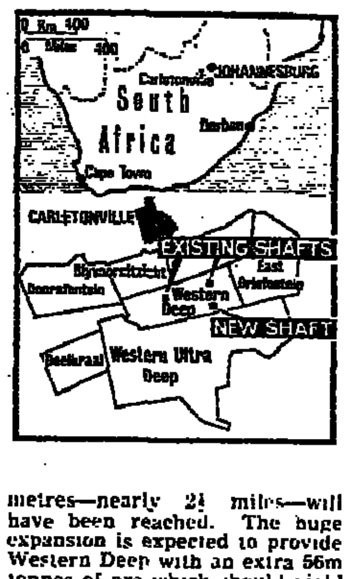
The company has also changed its scale of terminal bonuses paid on death, maturity or vesting claims. The new basic scale is 1½ per cent of the basic benefit plus attaching declared and interim bonuses for each year in force with a maximum of 12½ per cent. The previous scale was 2 per cent for each year with a maximum of 10 per cent. Thus the rates are improved for all maturities (unchanged at 10 years) and the longer duration death claims, but reduced for the shorter duration deaths, occurring within 10 years.

The new bonus rates will confirm the company as a market leader in traditional with-profits self-employed contracts. But as far as individual life contracts are concerned, the improvement is greatest for the longer durations. For example, a 10-year policy for £10 per month premium taken out by a man aged 30 will now pay a maturity value of £1,936 against £1,916 previously. But for a 25-year contract the payment is £8,141 against £7,635.

Western Deep's £380m gold expansion

BY KENNETH MARSTON, MINING EDITOR

A MAJOR expansion costing in all some R715m (£380m)—at today's prices—which will be financed out of profits is to be undertaken by the Anglo American Corporation group's Western Deep Levels gold mine in South Africa's Far Western Rand. It will allow operations to be extended into the neighbouring Western Ultra Deep Levels ground.



The work is to take place in the southern portion of Western Deep's lease area. The first stage will cost R450m and will comprise a new twin shaft system, a new gold plant with a rated capacity of 160,000 tonnes of ore per month plus ancillary surface and underground works.

This stage will reach full production at the end of 1986. It is envisaged that the big scheme can be financed out of profits from existing operations together with the incremental cash flow *which will arise when operations* at the new shaft commence in the second half of 1985.

The second stage will be in preparation for the longer term mining operations. It will include the sinking of a subvertical shaft system that will give access to the big tonnage of Ventersdorp Contact reef existing to the south of the present lease area in ground where the mineral rights are held by Western Ultra Deep.

This work will be completed by 1992 at which stage an awesome depth below surface of 3,880 metres—nearly 2½ miles—will have been reached. The huge expansion is expected to provide Western Deep with an extra 56m *tonnes of ore which should yield* an additional 460 tonnes of gold; South Africa's entire production last year was 703 tonnes.

A final decision on the method of financing the project, however, will only be taken when the necessary negotiations have been completed with Western Ultra Deep Levels for the incorporation of part of the latter's mineral rights into the Western Deep lease area and the consideration payable.

● comment

Western Deep's expansion into the Western Ultra Deep Area ground was forecast in these columns a year ago, but the scale and cost of the giant operation are far greater than was envisaged. Indeed, the *expected total cost of R715m in* today's money could well turn out to be above R1bn when the project is completed in 1992.

It is thus a not inconsiderable expression of faith in the future of gold, although it should be remembered that despite operating at great depths, Western Deep's existing production costs are *still under $100* per ounce of gold and the new area should not be any dearer to work. In the December quarter of last year when the gold price averaged $407 Western Deep milled 830,000 tonnes of ore — the existing plant has a rated capacity of 265,000 tonnes a month — and made a working *profit of R113.7m from which* tax of R54.4m was deducted.

The 1979 dividend total of 320 cents per share took R80m out of a total net profit for the year of R158m. Clearly much higher earnings and dividend will be expected in the current year if gold prices hold at anywhere near current levels. Given such high bullion prices, the big capital spending now envisaged should not unduly dampen dividend prospects especially in view of the fact that such spending ranks as a tax offset in South Africa.

EZ Industries lifts interim

AUSTRALIA'S zinc metal producer and base metal miner, **EZ Industries** boosted earnings for the half year to January 9 to A$33.1m (£16m) from A$6.94m. The directors expect profits to continue at high levels because of continuing buoyant *metal prices and the leads and* lags involved in the metals delivery pipeline.

The earnings boost has encouraged the board to increase the interim dividend from 5 cents a share to 20 cents (4 cents on partly paid shares) which is still almost three times covered by earnings of 59.7 cents a share.

The directors also announce that EZ intends to proceed with a A$160m lead-silver-zinc mine at Elura in New South Wales provided that negotiations with the State government are satisfactory.

Completed feasibility studies are for the construction of a mine and treatment plant with an annual capacity of 1.1m tonnes of ore.

EZ is also currently involved with its partner **Peko-Wallsend** in the development of the Ranger uranium project, which will be undertaken by a company to be floated to the public, *Energy Resources of Australia.* The flotation is expected to take place in May or June this year.

Agnico-Eagle's latest venture

THE HIGHLY successful **Agnico-Eagle** Canadian gold and silver producer, pioneered by Mr. Paul Penna, has added another string to its bow. Subject to the findings of current feasibility studies and the approval of a waste disposal site, Agnico and **Noranda** are jointly to finance to production the Bousquet-Cadillac township gold property in north-western Quebec of **Dumagami Mines.**

The two partners will provide financing of approximately C$5m (£1.9m) either by way of cash advances or bank loan guarantees. A mill with a capacity of 1,000 tons of ore a day *is to be erected about six miles* from the property on the leased Cadillac molybdenite mine site.

Ore reserves at the gold property are estimated at 2.3m tons to a depth of 800 ft. They grade: gold 0.096 oz (2.7 grammes) and 0.27 oz silver per ton plus 0.16 per cent copper. The most recent drilling, in 1975, *indicated that about 300,000 tons* are available for open-pit mining with the rest extractable by underground methods.

EUROPEAN OPTIONS EXCHANGE

Series	April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C F.310	10	7	—	—	—	—	F.300
ABN C F.320	12	5	5	5	—	—	"
AKZ C F.22.50	30	4.10	15	4.60	—	—	F.25.90
AKZ C F.25	105	1.30	39	2.50	49	2.80	"
AKZ C F.27.50	40	0.80	158	1.10	—	—	"
AKZ C F.30	70	0.40	224	0.80	—	—	"
AKZ P F.25	25	0.60	5	1.20	—	—	"
AKZ P F.27.50	—	—	7	2.10	—	—	"
ARB C F.65	10	1.50	—	—	—	—	F.63.60
CSF C F.440	4	147	—	—	—	—	F.572
HEI C F.75	3	2.80	—	—	15	5.30	F.70.80
HO C F.20	—	—	—	—	1	5	F.23.10
HO C F.22.50	10	1.90	20	2.60	5	3.80	"
HO C F.25	20	0.70	5	1.60	30	2.20	"
IBM C $65	4	6	—	—	—	—	$67½
IBM C $70	—	—	5	5⅜	—	—	"
IBM C $75	3	1½	—	—	2	4¾	"
KLM C F.60	3	19	—	—	1	19	F.76
KLM C F.70	15	9	6	11.50	—	—	"
KLM C F.80	277	3.20	27	4.90	30	6	"
KLM C F.90	135	0.70	35	1.90	—	—	"
KLM C F.100	20	0.30	—	—	—	—	"
KLM P F.60	71	0.90	—	—	21	2.40	"
KLM P F.70	99	2.50	3	4.30	—	—	"
KLM P F.80	38	6.60	39	7.50	—	—	"
KLM P F.90	5	14.20	—	—	—	—	"
KLM P F.100	1	24	—	—	—	—	"
NN C F.115	1	5	—	—	—	—	F.116.80
NN C F.120	7	1.60	29	3	1	4.50	"
PET C Fr.5500	12	920	—	—	—	—	Fr.6250
PET C Fr.6000	37	500	13	530	—	—	"
PHI C F.20	—	—	5	1.70	17	2.50	F.20.50
PHI C F.22.50	120	0.40	124	0.70	70	1	"
PHI C F.25	1	0.20	—	—	—	—	"
PHI P F.22.50	—	—	1	2.40	—	—	"
RD C F.140	211	35.50	—	—	—	—	F.176
RD C F.145	34	31.80	—	—	—	—	"
RD C F.150	348	27.40	30	27	14	26.70	"
RD C F.160	1289	19.30	414	19.80	299	19.50	"
RD P F.145	35	0.30	—	—	10	1.80	"
RD P F.150	489	0.70	10	1.40	5	4	"
RD P F.160	188	2	95	4.20	65	7	"
UNI C F.120	15	3.20	7	3.70	—	—	F.116.60
UNI C F.125	82	1	6	2	—	—	"
UNI C F.130	20	0.30	27	1.20	—	—	"
XON C $55	5	12	—	—	—	—	$61⅛
XON C $60	8	8	—	—	—	—	"
	Feb.		May		Aug.		
BA C $60	—	—	1	9½	—	—	$66¼
OXY C $25	—	—	5	7⅝	—	—	$31⅞
OXY C $50	60	2	10	4⅞	—	—	"
SLB C $80	10	35	—	—	—	—	$114⅛
SLB C $100	18	14½	11	18½	—	—	"
SLB C $110	—	—	—	—	4	15½	"
TOTAL VOLUME IN CONTRACTS					6017		

C=Call P=Put

Noranda's new acquisition

CANADA'S **Noranda Mines** announced success in its offer for all the shares of **Maclaren Power and Paper.** At the latest count it had acquired 88 per cent of the outstanding class "A" shares, and 86 per cent of the "B" shares, reports **John Soganich from Toronto.**

"Virtually all" of the shares acquired to date were in exchange for Noranda shares, representing almost 9.6m shares. These are to be mailed "in the next few days." This means a further reduction in the **Brascan** equity in Noranda. The offer remains open to February 22.

PANCONTINENTAL

Australia's **Pancontinental Mining,** which controls the huge Jabiluka uranium deposit in the Northern Territory, is planning to float an oil and gas exploration company to the public, reports James Forth from Sydney.

The explorer will be a spin-off from Pancontinental and the new company will include the Pancontinental name. Existing Pancontinental shareholders will receive entitlements for the float which is expected to be underwritten by Sydney sharebrokers, *Ord Minnett.*

The terms of the float are not known at this stage, but it will not be a large company and Pancontinental will retain majority control.

Pancontinental has been involved in oil and gas exploration in Canada for some time and expects to call upon the expertise of its Canadian partner, **Focus Resources.** Pancontinental is currently working on completing farm-in arrangements on prospective areas.

The exploration company will concentrate on the onshore area but may be involved in at least one offshore prospect.

Hoffnung receives £16m offer from Burns Philp

BY RAY MAUGHAN

S. **Hoffnung** has received a cash offer of 80p per share, worth £15.9m, from **Burns Philp,** the eightieth largest company in Australia. The Hoffnung share price climbed 14½p yesterday to 89p. *But its shareholders were* advised to take no action pending a statement from the board.

The subject of a bid some 10 years ago from Ralli Securities, Hoffnung is almost entirely invested in Australia with extensive interests in wholesaling, toys and retail hardware.

Over the past five years, profits *have climbed from £2.91m to* £4.53m before slipping back to £1.84m in the 12 months to March 31, 1979.

The bidder believes that there is marked overlap between the activities of both companies and has recently expanded the sphere of its operations on the acquisition of two-thirds control of the Hanimex Corporation, the Sydney-based international photographic and leisure group. Burns Philp's earnings over the past three years have grown from 19.6 cents to 38.3 cents per share.

Hoffnung has been the subject of much recent bid speculation and a consortium in which Burns, Philp had been a member, had been put together by a merchant bank last autumn with a view to a takeover.

There were no stakes of over 5 per cent in the last accounts but investment trusts for which the financial group, Murray Johnstone, acts as secretary have since acquired a 9.4 per cent holding for which irrevocable acceptances to the 80p offer have been given if it goes unconditional. Only around 5 per cent of the shares are held in Australia and UK institutions control the bulk of the equity, about 65 per cent of the shares.

The accounts also show that Hoffnung is backed by assets of 109p per share taking a sterling conversion of A$1.85. The parity is now A$2.05 and Burns Philp claims that *Hoffnung has* also suffered terminal losses on closures in the grocery chain.

Burns Philp, advised by Kleinwort Benson, expects to despatch its formal offer document in around a fortnight.

SCOTTISH HOMES

The offers by **Barratt Developments** to acquire **Scottish Homes Investment** have become unconditional in all respects. They will remain open.

Acceptances have been received in respect of 6,821,518 new ordinary shares and 6,821,518 deferred shares of SHI which represent 97.45 per cent of the capital. Acceptors in *respect of* 1,517,621 ordinary and 1,517,621 deferred shares have elected to receive the loan stock alternative.

SHI shareholders have approved the sale of R. L. Rae and John Kelly and Son (Kitchen Engineers) to International *Caledonian Assets, and reorganisation* of the capital.

HALLAM SLEIGH SELLS TRANSTRIP ASSETS

The agreement to sell certain assets of the Transtrip subsidiary will enable **Hallam Sleigh and Cheston** *to reduce borrowings* and to improve the balance sheet position, the directors report.

Fisher Karpark Industries has agreed to pay Transtrip £20,000 for plant and equipment and £72,000 in respect of goodwill and will acquire the stocks on the business at book value as at February 8, 1980.

In the year to September 30, 1979, Transtrip incurred a pre-tax loss of £11,500 on turnover of £1.1m and will cease to trade from February 11. Transtrip will retain responsibility for the payment of creditors and the collection of debts.

After meeting redundancy costs and repayment of bank and other borowings, it is estimated that the Transtrip closure will result in the repayment of some £30,000 to Hallam in respect of the equity held.

The Hallam board considers these transactions to be advantageous as it will result in the release of working capital over and above the £30,000 payment.

TITAGHUR SELLS 51% OF HENRY

Titaghur Jute Factory Company has agreed terms for the disposal of 51 per cent of its wholly-owned subsidiary A. and S. Henry and Co. (Dundee) to **Asiatic Company (U.S.A.) Incorporated,** of Boston, Massachusetts.

The consideration is £204,051 in cash, of which £104,051 will be paid to Titaghur for existing shares of Henry and £100,000 for the subscription of new shares.

The acquisition will carry with it a corresponding interest in Henry's two wholly owned subsidiaries, Hardie and Smith and Dundee Brettice Cloth and *Waterproofing Company.*

BOWATER

The **Bowater Coporation** has acquired **Camvac Holdings** through its subsidiary, Bowater Packaging.

A leader in the field of metallised film and papers, Camvac will form part of Bowater Consumer *Packaging,* and retain its identity under its existing management.

The company trades worldwide through its subsidiaries in the UK, Camvac Limited (Thetford, Norfolk), and in the U.S., Camvac International (Brewster, New York). *The company employs about 250 people, and has* a net asset value of £2.3m.

Mr. J L. C. Mott, managing director of Bowater Consumer Packaging, succeeds Dr. G. H. Cookson as chairman of Camvac Holdings.

WEARRA EXPANDS VINYL SIDE

WEARRA GROUP has acquired the whole of **Burostat Vinyl Products,** a company based in Ipswich manufacturing vinyl covered gifts and stationery.

The purchase consideration payable immediately is £225,000 with a further sum (not being less than £63,000) payable in two tranches on or before November 30, 1980 and 1981 respectively, which will be related to the profits of Burostate *for its two financial years* ending July 31, 1980 and July 31, 1981.

That part of the consideration that will be payable at completion will be satisfied by the allotment of 595,000 new *Wearra ordinary shares (all of* which have been placed) and £115,645 cash. The deferred element of the consideration will be payable entirely in cash.

Net assets of Burostat at July 31, 1979 were £191,753 and net profits for that year amounted to £75,572.

STEETLEY PURCHASE

Steetley has acquired **Alkrite,** a Liverpool-based supplier of water treatment products with a current annual turnover of around £1m.

Steetley's subsidiary, Steetley Construction Materials, has acquired **Shearstone (Wessex),** a Somerset company which manufactures a range of precast concrete products and reconstituted stone masonry for the building industry, and also supplies a concrete gas flue stack system suitable for most modern types of housing.

J. SHAKESPEARE

Acceptances of the **Wheway Watson Holdings** offer for **Joesph** *Shakespeare received in respect* of 7,216,150 ordinary shares prior to scrip issue (92.9 per cent of shares not already owned) and 68,217 preference shares (90.9 per cent).

Offer now unconditional and remains open. Balance will be acquired compulsorily. Wheway owns in total 93.1 per cent of the ordinary and 90.9 per cent of the preference.

Godfrey Davis asks for suspension

SHARES OF Godfrey Davis, the car rental and distribution company, were suspended yesterday pending an announcement which is to be made later this week.

The shares were suspended at 148p which gives the group a stockmarket value of £22.4m. Rothschild Investment Trust, *which holds a 27 per cent stake* in the group, denied that it would be bidding for the company.

Other major shareholders include the Prudential Assurance Company with 5.1 per cent and Barbinder Trust with 10.5 per cent.

Pre-tax profits for Godfrey *Davis's last financial year ending* March 31, 1979, were up from £3.53m to £4.58m, on turnover of £88.73m against £75.91m.

At halfway in the current year pre-tax profits were £4.36m compared with £3.22m on turnover of £57m. According to the company then, results to date indicated another record year.

The group's main Ford dealerships increased turnover and profits during the six months. A new commercial vehicle complex at St. Albans commenced operations on April 1 and was making a satisfactory contribution to overall results. Although there had been no improvement in the market for either motorised or touring caravans, further progress *had been made in the* group's other activities.

CAMBRIDGE GROUP IN MERCER TALKS

The boards of **Cambridge Royalty Company** of the U.S., **Cambridge Petroleum Royalties** of the UK and the Republic of Ireland-based **Petroleum Royalties of Ireland** have begun discussions which they hope will lead to the merger of some or all of these companies. Any such merger is subject inter alia to governmental approvals and ruling in each country.

The companies say a further announcement will be made as soon as possible, but shareholders should not expect any further statement for several weeks.

Cambridge Royalty Company is the senior company in the Cambridge Group and manages both Cambridge Petroleum Royalties and Petroleum Royalties of Ireland.

PARAMBE SHARE STAKE SOLD

Portfolio Management has sold its total holding of 710,000 **Parambe** shares (18.93 per cent). At the same time, Mr. D. T. H. Davenport acquired a further 710,000 Parambe shares beneficially.

His total holding is now 975,000 shares (26 per cent) of which *25,000 are non-beneficial.*

DE LA RUE VENTURE

Crosfield Electronics, a wholly-owned subsidiary of the **De La Rue Company,** and Logetronics Inc of Springfield, Virginia, have agreed in principle to form a new, jointly-owned company, Logescan Systems Inc, for the *worldwide development and* sales of laser platemaking systems for the graphic arts industry.

Crosfield and Logetronics will each own 50 per cent of the shares of the new company which will have an initial capital of about $3m. Crosfield will satisfy its share of the capital by the introduction of cash into the new company which is expected to start operations on April 1.

JOINT COMPANY ANNOUNCEMENT

WESTERN DEEP LEVELS LIMITED
WESTERN ULTRA DEEP LEVELS LIMITED

(Both of which are incorporated in the Republic of South Africa)

PROPOSED NEW SHAFT SYSTEM AT WESTERN DEEP LEVELS

A proposal has been submitted to the board of Western *Deep Levels Limited by its technical advisers that an* additional shaft system be sunk in the southern portion of the Western Deep Levels lease area and that a new gold plant with a rated mill capacity of 160 000 tons per month be constructed at the site. As a preliminary step the board has approved the expenditure of R9.8 million for placing of orders for long delivery items of equipment and the preparation of the site of the shaft system.

The board of Western Deep Levels has also agreed to enter negotiations with Western Ultra Deep Levels Limited *for the incorporation of certain of its mineral rights* as an extension to the Western Deep Levels lease area.

The board of Western Ultra Deep Levels Limited has agreed that, subject to the conclusion of a suitable agreement regarding the consideration payable to Western Ultra Deep Levels, it will take such steps as may be necessary to grant Western Deep Levels the right to mine that portion of the Western Ultra Deep mineral right area which can be reached from the new shaft system.

The proposal submitted by the technical advisers envisages a twin shaft system which, with all ancillary surface and underground works, including the gold plant, constitutes the first phase of the project. This will reach full production at the end of 1986 at a cost of approximately R450 million in today's money terms. The projections indicate that, large as this scheme is, it could be financed out of profits from existing operations, together with the incremental cash flow which will arise when operations at the new shaft commence in the second half of 1985. However, the method of financing the project will only be determined when the agreement with Western Ultra Deep Levels has been concluded.

Apart from facilitating the mining of the southern portion of the Western Deep Levels lease area, a major advantage to be obtained from the siting of the proposed shaft system is that access will eventually be gained to a large tonnage of Ventersdorp Contact reef situated south of the present lease area, in ground where the mineral rights are held by Western Ultra Deep Levels Limited. Such access will, however, only become possible following the sinking of a sub-vertical shaft system because of the depth of the VCR in the Western Ultra Deep Levels area. The sub-vertical shaft system is expected to be completed by 1992, at which stage a depth below surface of 3 880 metres will have been reached.

The total additional capital requirements over the life of the mine attributable to the whole project are forecast at R715 million in today's money terms.

The proposed expansion of operations in the existing lease area and the extension into the Western Ultra Deep mineral right area is expected to provide over the remaining life of the mine *an extra 56 million tons of ore which should* yield an additional 460 tons of gold. The working costs to be incurred in the new shaft area are expected to be approximately the same as those applicable to the existing Nos. 2 and 3 shafts.

Copies of this announcement are being sent to all registered shareholders of both companies

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. Bull
Divisional Secretary

Johannesburg
February 12 1980

Empire explains change of mind

Recommending the CAPARO offer of 24p per share for the ordinary *capital* of **Empire Plantations and Investments,** Mr. C. A. Whitaker, the Empire chairman, explains that circumstances have changed since the board recommended rejection of the offer of 26p per share in 1977.

The tea price has fallen resulting in greatly reduced profits in subsequent years. In addition, although trading in India has improved this year, remittances have not been forthcoming and therefore the UK position is not encouraging.

The capital of Empire is to be reorganised to reduce the expenses of the ordinary offer but this proposal will not affect the total consideration holders will receive if they accept. Caparo owns 45.56 per cent of the voting capital of Empire and the directors' holdings totalling 13.28 per cent of the voting capital have been irrevocably committed.

With the exception of Mr. Whitaker all the directors of Empire *will resign.* It is proposed to pay them compensation for loss of office as follows: Mr. J. Henderson £2,500, Mr. M. S. M. Johns £2,500, Mr. D. M. Slocock £9,000, and Mr. D. J. K. Wadham £7,200. Mr. R B. Drummond, the company secretary, will receive £5,400.

SERCK PROBE

The Stock Exchange has undertaken a preliminary investigation into dealings in SERCK shares in the days before **Rockwell International** announced that it had acquired a 29.7 per cent holding in the valve and heat transfer group at 75p per share. The request for an *investigation was initiated by* Robert Fleming, merchant banker to Serk.

ADWEST-RACAL

Adwest group has been advised that the holding of **Racal Electronics** has been reduced to *1,965,625 shares (9.7 per cent).*

SHARE STAKES

Scottish Mortgage and Trust Company—T. R. Macgregor, director, has acquired 3,024 ordinary.

MY Dart—F. L. Davison, director, has transferred 10,000 shares to a member of his family.

Aaronson Brothers — S. H. Foster, director, has disposed of 1,620 ordinary.

Centrovincial Estates—J. Gold, director, has disposed of 50,000 ordinary reducing holding to 2,794,067 ordinary (17.8 per cent).

Australian and International Trust—Industrial Equity (Pacific) *is beneficial owner of* 300,500 shares (5.01 per cent).

British American and General Trust—Pearl Assurance Company has bought 300,000 shares making holding 4.03m (8.05 per cent).

SGB in strong position and benefiting from acquisitions

ALL FOUR mainstream operations of **SGB Group** in the UK are going ahead strongly and *there is no major part* of the business making losses or pulling the group back, Mr. N. Clifford-Jones, chairman says in his annual report.

It is some disappointment that the percentage of profits earned overseas has reduced over the last few years, though this is because of the large increase at home, rather than a decrease in actual overseas earnings, the chairman adds.

For the year ended September 29, 1979, pre-tax profits rose from £10.7m to a record £14.5m on turnover of £119.3m (£93.81m) with the UK contributing £12.4m of profit and £89.9m of turnover. An increase in the authorised capital from £8m to £14m is also proposed together with a four-for-five scrip issue.

Current cost accounts show profits reduced to £10.88m (£7.26m).

The chairman says one reason for the group's success has been its broad stance in the market place. Taking the group as a whole, no less than 36 per cent of the business is outside the construction industry and of the construction industry work itself, 33 per cent is for the repairs and maintenance sector.

The group is not immune to a major downturn in the construction industry, the chairman says, but the group is at least cushioned to some extent from the worst effects due to the counter-cyclical effects of the various activities and hiring, the major activity, which normally holds up well in a recession.

Meeting, Waldorf Hotel, W.C., March 18 at 11.30 am.

SPAIN

February 8	Price %	+ or —
Banco Bilbao	215	
Banco Central	232	+6
Banco Exterior	211	
Banco Hispano	211	
Banco Ind. Cat.	135	
Banco Madrid	170	
Banco Santander	245	+5
Banco Urquijo	163	+3
Banco Vizcaya	226	+4
Banco Zaragoza	200	
Dragados	103	
Espanola Zinc	62	
Fecsa	57.5	+1.3
Gal. Preciados	35	−0.5
Hidrola	63	
Iberduero	60	−0.2
Petroleos	117	
Petroliber	72	
Sogefisa	115	
Telefonica	54	−1
Union Elect.	64	+1

Mixed fund depressed at six months

Two leading life companies have issued interim investment reports on their managed pension funds, available for pension scheme investment.

Standard Life Pensions Funds reports steady progress for its property fund, with the value of the fund rising to £45.2m on November 13, 1979, and the unit price improving by 15 per cent over the six month period.

The managers point out that in the current environment of low yields, they are continuing the policy of investing by development of new sites and refurbishing of existing buildings, rather than through purchasing existing properties.

The performance of the mixed fund over the period was in contrast quite dull, in line with the UK and U.S. stock markets. The unit price fell 14 per cent over the period against £9 per cent in the FT-A over 15 years Government Securities index, and 17.8 per cent in the FT-A All-Share index. The market value of the fund was £98.5m at the end of the period against £113.2m at the beginning.

The managers invested £2m in gilts during the six months, half in July and the rest in October, and £3m in UK equities, mainly in the oil sector. At the end *of the period, 34 per cent of* the fund was in fixed interest, 48 per cent in UK equities, 10 per cent in overseas equities and 8 per cent in cash.

The report of **Equity and Law (Managed Funds)** for the six months to January 9, 1980, shows the combined value of the funds rising from £71.2m to £77.1m, with the mixed fund being valued at £61m, the property fund at £12.2m, fixed interest at £3.6m and the equity fund at £298,000.

The property fund remained firm over the period with the unit price improving by 9.4 per cent. But under difficult stock market conditions, the value of units of the mixed fund dropped 3.9 per cent and the fixed interest fund by 6.6 per cent. The managers were less optimistic on the prospects for equities in the short term and have put most of the new money into gilts during the period.

Israel Discount Bank Limited

Head Office: Tel-Aviv

Condensed Consolidated* Balance Sheet as at 31st December, 1979

	£ Sterling
ASSETS	
Cash and due from Banks	1,434,259,000
Israel Government obligations	65,091,000
U.S. Government and U.S. Agencies obligations	13,834,000
Other Securities	179,200,000
Deposits with and loans to Government	614,515,000
Loans, Bills discounted and other accounts	521,655,000
Loans in connection with deposits for loan purposes	382,029,000
Bank premises, other property and equipment	17,391,000
Customers Liabilities	189,320,000
	£3,417,294,000
LIABILITIES	
Capital, Reserves and Capital Notes including Minority Interest	70,537,000
Convertible Debentures issued by Subsidiary Company	740,000
Deposits (demand, time and saving accounts)	2,317,308,000
Government, Banks and other Deposits for loan purposes	572,859,000
Other Accounts	30,443,000
Debentures issued by subsidiary	236,087,000
Liabilities on account of customers	189,320,000
	£3,417,294,000

This financial statement has been arithmetically translated from Israel Pounds into Sterling Pounds at the exchange rate prevailing on December 31, 1979 I£78.6880 = £Sterling 1.00 for the convenience of the reader.

**Including the Balance Sheets of Barclays Discount Bank Ltd, The Mercantile Bank of Israel Ltd, The Israel Development and Mortgage Bank Ltd, Industrial Finance Bank, Discount Bank (Latin America), Montevideo and Israel Discount Trust Company, New York.*

Total number of Branches: 250

U.K. Representative Office: 89 Duke Street, London W.1.

NORTH AMERICAN NEWS

Non-tyre operations help Goodrich to lift earnings

BY DAVID LASCELLES IN NEW YORK

B. F. GOODRICH, the number three U.S. tyre maker, recorded a sharp dip in fourth quarter earnings yesterday, but managed to report a gain for the year as a whole as a result of non-tyre activities.

Earnings dropped to $14.8m, or $0.87 a share, in the final quarter, from $20.3m, or $1.20 a share, in the same period of 1978. Sales were up from $682m to $775.3m.

However, year-end results showed earnings up from $70.1m, or $4.39 a share, to $82.6m, or $4.89 a share, on sales that rose from $2.6bn to $2.99bn.

Mr. John Ong, the chairman, said that the gain was attributable to the strong demand for the company's chemical products, mainly polyvinylchloride, throughout the year. Sales in this sector topped $1bn for the first time and operating income more than doubled, to $108.4m. In the final quarter, chemicals sales rose from $224.3m to $274.4m, and operating income was up from $15.9m to $25.8m.

Goodrich said that sales of tyres rose slightly last year to $1.3bn, but operating income declined by over 40 per cent, from $84.4m to $48.4m. In the fourth quarter, tyre sales fell from $321.3m to $316.2m, and operating income declined sharply, from $21.7m to $6.5m.

The drop resulted from the now well-known ailments of the tyre industry: lower sales (particularly in the second half), intense price competition and an increase in raw material costs, in Goodrich's case, of 20 per cent.

Because of these changes, Mr. Ong predicted that 1980 might see chemical sales exceeding tyre sales for the first time in the company's history.

JWT takes over Knowlton

BY OUR FINANCIAL STAFF

THE MULTINATIONAL advertising agency, J. Walter Thompson, said that its board and that of Hill and Knowlton had agreed in principle on the acquisition of Knowlton by Thompson.

Thompson also said it was reorganising into a holding company called JWT Group Inc., which would be the parent for its advertising, public relations and other communications businesses.

Knowlton holders would receive about $68 for each share of common, payable either in Thompson or JWT Group common or in a combination of cash and common.

Based on the closing price of Thompson of $32.50 a share on Friday, and about 356,000 HNK shares outstanding, the proposed agreement would call for the issue of about 395,000 shares of JWT Group common and about $11.3m cash.

Outstanding Knowlton key employee options to buy an additional 58,000 shares of Knowlton stock are expected to be converted appropriately into options for JWT group stock.

The number of shares of JWT Group common to be issued will reflect the Thompson corporate reorganisation into JWT Group and may vary depending on the market price of Thompson or JWT Group common at the time of the merger.

Michael Thompson - Noel writes: J. Walter Thompson is already in the midst of an ambitious European expansion programme. In January it said that it was acquiring Euro-Advertising as the basis for a second international agency network. JWT has bought all shares in Euro's holding company, plus a controlling interest in four of its nine European offices—London, Paris, Dusseldorf and Bologna/Milan.

The Euro deal is in addition to JWT plans to buy a second British agency, the Manchester-based Yeoward Taylor and Bonner.

Claimed total advertising billings for Euro are $140m.; for YTB, £10.5m.

Even without these acquisitions, JWT's net account gains in Europe last year were $44m. Projections for 1980 already indicate a total European billings gain for the main group of 25 to 28 per cent, to between $750m and $800m.

In part, JWT's European European plans should help compensate for its loss of top spot in British advertising to the Saatchi and Saatchi Garland-Compton agency. In 1979, JWT's main-agency billings were £62.83m against Saatchi's £67.5m.

Hughes Tool acquires Centrilift

BY OUR NEW YORK STAFF

HUGHES TOOL, the leading U.S. manufacturer of oil drilling equipment, is to acquire the Centrilift subsidiary of Borg - Warner.

Terms of the proposed deal are the issue to Borg-Warner of 1.2m Hughes Tool shares. In trading yesterday, Hughes shares were being quoted at around $63, giving the deal a paper value of some $75m.

The two companies said the transaction would enable them to participate more fully in the energy business. Centrilift makes and services submersible electric pumps used in the production of oil and water. The idea is that Hughes will be able to enhance Centrilift's growth prospects, while Borg-Warner will be able to consolidate its share of Hughes' earnings.

This is the second such deal between the two companies. In 1974, Hughes acquired Borg-Warner's oil well service operations for 3.75m Hughes shares. Combined, the transactions give Borg-Warner approximately 20 per cent of Hughes' common stock.

CHEMICAL INDUSTRY

Testing time ahead for exports

BY IAN HARGREAVES IN NEW YORK

IF PRIZES were given for star export performance in 1979, there is not much doubt that the U.S. chemicals industry would claim the top one.

Just at this moment, however, neither the industry nor the Government is inclined to shout too loudly about the almost 40 per cent incerase to around $17bn in export sales last year because the first serious international trade repercussions are starting to show themselves, notably in the form of the announcement last week that Britain is to take action to stem its imports of U.S. man-made fibres.

Casting tact aside, however, it is clear from the major chemical companies' 1979 results that exports turned a moderately successful year for most of the big names into a generally satisfactory one. Because there was also a simultaneous fall in chemical imports to the U.S., this no only had the effect of helping the U.S. balance of payments, but was an indication of the increased pricing edge for the American chemicals producers in third markets, especially those in the developing world, where demand has continued at a high level. This was especially helpful to U.S. fertiliser producers.

It is natural that the European chemical companies, in seeking to obtain political balm for their sores, wish to characterise the American export success as chiefly the product of advantageous feedstock costs caused by the labyrinthine price controls exercised by the U.S. Government over the price of both natural gas and crude oil.

There is no denying that this is a factor, although it is one the Europeans cannot do much about. Nor can it be denied that natural gas feedstocks, which account for over half U.S. raw materials, are perhaps 40 per cent less expensive than the naphtha (crude oil derived) feedstocks on which the Europeans predominantly rely.

But this is only part of the story. The other part relates to natural American advantages of market size and therefore economies of scale, to the fact that the industry has kept itself modern, restrained its energy requirements and made a fairly good job of matching supply and demand, enabling it to pass on to consumers its own increases in feedstock costs. According to the chemical analysts group at First Boston, the American now have a 25 to 35 per cent cost advantage over European competition. Around half of this has come from the reduced value of the U.S. dollar in the last year.

By the final quarter of last year, the chemicals companies were very glad indeed of both their export sales and the performance of their foreign operations. Du Pont earned 40 per cent of its $6.42 per share from international operations last year, on sales which accounted for only 30 per cent of its total. International earnings at $2.57 per share were up 63 per cent. Dow Chemical's export sales were up by over 60 per cent.

The sudden nature of this expansion has, however, made it more difficult to assess both the strength and outlook for the chemical companies should they face either protectionist pressures in Europe or a hardening dollar in 1980.

The industry ran into expected problems in the final quarter of last year in those parts of its operations dependent upon the depressed motor and housing sectors. Pressure also started to build up in the polyester and nylon fibre sector, with particularly serious results on Celanese Corporation's earnings. As the plastics and fibres areas are closest to having a capacity problem, these difficulties could become profound this year if the elusive U.S. recession materialises in anything other than the mildest of forms.

These are the factors which are leading most analysts to predict either flat or slightly lower earnings for the year, although the Chemical Manufacturers Association's recently completed survey of opinions in the industry suggest another year of moderate growth, with net income to rise by a median of 10 per cent on industry sales up 14 per cent to $168bn.

This is in spite of the fact that the industry will have to cope this year with the brunt of costs associated with the Toxic Substances Control Act and that it expects capacity utilisation to decline from last year's extremely healthy 89.6 per cent to a still comfortable 80 per cent.

So far, however, investors have not been impressed with these arguments and the chemical stocks have been left behind in this year's equity boom on Wal Street, having outperformed most other sectors in 1979 with a 25 per cent gain.

This partly reflects the feeling that the chemicals producers are the victims rather than the beneficiaries of the natural resources price spiral—although Dow, for example, controls half its own energy resources—but also the fact that the results from one or two companies cast ominous shadows over the generally lacklustre quality of the final quarter.

Monsanto was the chief culprit. It was only just recovering from the cost of getting out of its European problems when it ran into highly competitive conditions and falling demand in its U.S. nylon and plastic operations, and earnings tumbled by 75 per cent. Du Pont's fourth quarter was also down slightly, reflecting the doubling of silver prices—an important raw material for Du Pont, which is a downstream chemicals company as opposed to Dow, which is predominantly upstream—and the squeezing of the same markets which caught Monsanto.

Although the industry remains confident in itself and its current competitive ability speaks for itself, there are those who feel that, as the German chemical giants and Imperial Chemical Industries of Britain expand their U.S. operations over the next two years, the outcome of the next stage of the struggle of international chemical titans is far from assured.

RESULTS FOR 1979

FINAL

	YEAR END				FINAL QUARTER	
	$bn Sales		$m Income		$m Income	
UNION CARBIDE	9.1	(+17%)	556	(+4%)	132	(+3%)
CELANESE CORPORATION	3.1	(+21%)	141	(+25%)	27.7	(−22%)
MONSANTO	1.54	(+18.7%)	331	(+9.4%)	10.9	(−75%)
DOW CHEMICAL	9.26	(+34%)	784	(+37%)	194	(+40%)
DU PONT	12.57	(+19%)	929	(+19%)	206	(−7%)
AKZONA	1.01	(+16.5%)	25.6	(+23%)	6.9	(+26%)

Belridge price agreed

BY OUR NEW YORK STAFF

MOBIL OIL announced at the weekend that it has decided to sell its 18 per cent stake in Belridge Oil to Shell Oil for $653m. But it may still contest the terms in court.

Shell bought Belridge for a record $3.65bn at the end of last year, but Mobil and Texaco, two major shareholders, disputed the deal. Texaco eventually sold its 17 per cent stake, and Mobil has now followed suit. This means that Shell has finally acquired all of Belridge.

Mobil and Texaco disputed the deal because they wanted to retain an undivided interest in Belridge's large oil reserves. Shell said they could buy them back, but at 110 per cent of the bid price.

Reuter adds from New York: Mobil Corporation said it "is considering further legal steps to protect" its previously asserted rights to the assets of Belridge Oil.

The company said it accepted the payment for its Belridge stake without prejudice to any other rights it may have, and is considering further legal steps to protect those rights.

Danske Bank looks to U.S. for funding

COPENHAGEN — Denmark's second largest commercial bank, Den Danske Bank AS, has requested permission from the American Securities and Exchange Commission (SEC) to issue U.S. commercial paper.

A bank spokesman said the decision reflects Den Danske Bank's desire to diversify its financial resources, rather than continue relying on euro-market funds.

The spokesman said it is as yet undecided how much commercial paper Den Danske will issue should it obtain SEC permission to do so.

An answer from the SEC is expected within one to two months.

Denmark's biggest commercial bank, Handelsbanken AS, has also requested SEC permission to issue U.S. commercial paper.
Reuter

BankAmerica fuel finance

CHICAGO — Bank of America has signed a credit agreement committing up to $300m for the financing of nuclear fuel for Commonwealth Edison.

The credit facility committed for a period of five years will support the issuance of commercial paper by Commonwealth Fuel and provide credit to Commonwealth Fuel Trust in the event of a direct borrowing. It will finance a portion of Commonwealth Edison's nuclear fuel requirements for its existing nuclear plants in Illinois as well as several additional nuclear plants now under construction.

Commonwealth Fuel will issue commercial paper and will advance proceeds to Commonwealth Fuel Trust to finance and own nuclear fuel that the latter will lease to Commonwealth Edison.

The nuclear fuel financing is believed to be the largest-ever arranged in the U.S. for an investor-owned utility company.
AP-DJ

Ford rebates to boost sales

BY IAN HARGREAVES IN NEW YORK

FORD MOTOR, which has been struggling with a falling share of the U.S. car market, has proposed a series of rebates and other financial incentives to help boost sales.

The most significant item in the package is Ford's offer to meet a significant chunk of its dealers' showroom financing costs. Ford told its dealers at a New Orleans conference at the weekend that it would offset financing charges in excess of 10 per cent on all cars held in stock.

With dealers now paying around 17 to 18 per cent for the loans they use to finance stocks, this represents a big financial burden for Ford.

Mr. David Healy, auto analyst at Drexel Burnham Lambert, said that for Ford to meet this cost on its end-January stocks of 469,000 cars would probably cost it around $190m in a full year.

Like Chrysler and General Motors, Ford is also to try a conventional package of cash rebates to stimulate sales of slower moving models.

There was no immediate reaction from either Chrysler or General Motors on the Ford dealer stocks plan, although it is certain that both companies will now come under renewed pressure to help their dealers.

This could therefore be another significant cost over-run for Chrysler, which like Ford and GM has lost hundreds of dealers in bankruptcy since the slump in the U.S. car market began last autumn.

Chrysler, meanwhile, is reported to be making progress in its negotiations to find an alternative source of financing for its imports of Mitsubishi cars from Japan.

The two motor companies are said to be close to agreement on a self-financig arrangement which would by-pass the syndicate of Japanese banks which has refused to go on financing the trade because Chrysler broke the terms of its loans.

Chrysler at the same time is moving ahead with a plan to offer $250m in debentures which would be convertible into common stock. The company hopes that the issue would be bought by dealers and others with a stake in Chrysler's survival. E. F. Hutton is taking the lead in organising the debenture issue.

Volkswagen of America has confirmed that it is examining in detail a site near Detroit for its second car assembly plant. The company does not expect a firm announcement for some weeks, but confirmed that it was negotiating for control of a former U.S. Army missile site at Sterling Heights, Michigan. The company's existing plant is in Pennsylvania.

Carey Energy aids Charter

BY OUR FINANCIAL STAFF

PETROLEUM REFINER and marketer Charter Company, reporting a substantial increase in earnings for 1979, points out that this is due primarily to the acquisition of Carey Energy Corporation, and its related refining assets in the Bahamas. Net earnings of $365.3m or $12.94 a share have jumped from $23.3m or $1.09 in the previous year. Revenues, at $4.3bn against $2.05bn, also bear out the effects of the Carey acquisition.

The final quarter showed net earnings of $146.7m or $4.70 a share against $10.1m or 46 cents. Sales jumped from $589.2m to $1.34bn.

The purchase of Carey, comments the board, substantially increased Charter's oil refining operations, lifting the group's capacity from 70,000 barrels a day to around 320,000 b/d. Charter also became, following this deal, a significant supplier of distillates to foreign markets and of residual fuel oil to the U.S. East Coast.

The carrying value of the group's investment in the Iranian consortium has been written down by $8.5m.

This loss has been partly offset by a $6.1m credit foreign tax credit carry forward.

The oil operations, which are the group's main earning centre, consist of the Charter Group and the Nepco Group. Charter Group has a 70,000 barrel a day refinery in Texas, designed to operate on high sulphur crude oil. It also sells petrol through 462 service stations throughout the U.S.

Nepco takes in Carey Energy, owns terminal and pipeline facilities in the U.S. and Canada as well as holdings in shipping, barge and transport operations, an interest in oil production in Abu Dhabi and the Bahamaian refinery.

EUROBONDS

Further falls in dollar sector

BY FRANCIS GHILES

FURTHER PRICE falls were recorded in the straight dollar sector of the Eurobond market yesterday as selling pressure continued, not least from Swiss banks and institutions. As last week, the longer-dated bonds were worst hit, which lost a ½ point on the day. The weakness only really set in after the opening of the New York bond market.

The Swiss franc sector remains by far the most active at the moment, and is the only major sector where prices are not sliding downwards. As Swiss money market interest rates have stabilised following the rises of last month, good quality borrowers who are prepared to pay the "right" coupon are finding that investors are not interested in buying bonds.

The recent SwFr 100m issue for the Caisse Centrale de Cooperation Economique which yields 5.8 per cent will start trading today and is understood to have been well received. So has the SwFr 100m issue for the Japanese Development Bank which yields 5.7 per cent.

Longer dated Swiss franc bond are in strong demand, and prices of recent issues of good quality have risen strongly since the middle of last week. For instance, the SwFr 60m 10-year issue for Osterreichische Donaukraftwerke, which was priced a month ago to yield 5 per cent has seen its price improve from 101 last Thursday to 102½ yesterday.

A Sw.Fr 30m five-year private placement is being arranged for Osterreichische Kontrollbank through Wirtshaft und Privatbank. The borower is paying a coupon of 5¾ per cent. The Republic of Austria is expected to arrange a SwFr 100m issue through IBS, the terms of which are expected later this week. Meanwhile Clarion has completed a SwFr 30m five-an-a-half-year convertible carrying a coupon of 5¾ per cent through Swiss Bank Corporation.

The foreign Deutsche Mark bond market remains dull, with a marked lack of investor interest. The DM 40m private placement for a Japanese borrower which Commerzbank was expected to bring to the market today has been cancelled because of a disagreement on the terms which would ensure placement. This is the second D-Mark foreign bond issue to be cancelled for this reason since last Friday.

AMERICAN QUARTERLIES

BLISS & LAUGHLIN

	1979 $	1978 $
Fourth quarter		
Revenue	68.2m	61.2m
Net profits	4.32m	4.05m
Net per share	0.75	0.71
Year		
Revenue	287.5m	240.5m
Net profits	17.88m	13.54m
Net per share	3.07	2.37

HOST INTERNATIONAL

	1979 $	1978 $
Fourth quarter		
Revenue	84.7m	71.6m
Net profits	4.48m	3.29m
Net per share	0.87	0.69
Year		
Revenue	329.1m	275.8m
Net profits	18.41m	13.91m
Net per share	3.38	2.51

IMASCO LTD.

	1979 C$	1978 C$
Third quarter		
Revenue	477.7m	432.6m
Net profits	19.7m	16.1m
Net per share	1.89	1.62
Nine months		
Revenue	1.29bn	1.20bn
Net profits	51.1m	42.1m
Net per share	4.92	4.23

McDONALD'S CORPORATION

	1979 $	1978 $
Fourth quarter		
Revenue	510.3m	426.7m
Net profits	44.16m	38.51m
Net per share	1.10	0.95
Year		
Revenue	1.94bn	1.67bn
Net profits	188.61m	162.67m
Net per share	4.68	4.00

MEDIA GENERAL CORPN.

	1979 $	1978 $
Fourth quarter		
Revenue	77.8m	66.9m
Net profits	7.47m	5.79m
Net per share	1.01	0.77
Year		
Revenue	280.6m	243.7m
Net profits	25.44m	17.97m
Net per share	3.42	2.40

PLANNING RESEARCH

	1979 $	1978 $
Second quarter		
Revenue	65.5m	69.1m
Net profits	1.29m	1.46m
Net per share	0.19	0.21
Six months		
Revenue	127.3m	129.5m
Net profits	2.95m	2.91m
Net per share	0.43	0.42

OGILVY & MATHER

	1979 $	1978 $
Fourth quarter		
Revenue	65.1m	53.9m
Net profits	5.77m	4.82m
Net per share	1.41	1.19
Year		
Revenue	221.3m	181.7m
Net profits	13.47m	12.59m
Net per share	3.30	3.16

TRAVELLERS CORPN.

	1979 $	1978 $
Fourth quarter		
Premiums	1.5bn	1.5bn
Net profits	107.1m	100.1m
Net per share	2.52	2.32
Year		
Premiums	[illegible]	[illegible]
Net profits	387.9m	[illegible]
Net per share	[illegible]	[illegible]

Bank Leu plans rights issue of SwFr 35m

By John Wicks in Zurich

BANK LEU, the fifth largest bank in Switzerland, plans its third rights issue in little more than a year. The bank is to raise SwFr 35m ($21.7m) through four separate issues of new equity shares.

Bank Leu has "no immediate" need for the new funds. However, the four transactions would provide backing for a further increase of some SwFr 1bn in balance-sheet total. This would mean that no further capital increase would become necessary due to increased equity ratio requirements in the course of 1980.

Balance-sheet total expanded at over 30 per cent to SwFr 5.24bn ($3.25bn) in 1979 in which year net profits jumped from SwFr 16.92m to SwFr 21.66m. This will permit the distribution of an unchanged 16 per cent dividend plus a jubilee bonus of 4 per cent.

A one-for-six rights issue last November provided the bank with the equivalent of $36m. Bank Leu raised $21m in a similar form almost exactly a year earlier.

● Net profits of the Zurich-based Handelsbank, an affiliate of the National Westminster group, rose after "substantial" transfers to reserves from SwFr 9.7m to SwFr 10.8m ($6.58m) last year. From these earnings the board recommends distribution of an unchanged 12 per cent dividend, plus jubilee bonus of 2 per cent.

Balance-sheet total grew by 14 per cent to a level of rather over SFr 1.6bn ($996m) with the consolidated figure rising to a record SwFr 1.93bn ($1.2bn).

FRENCH STATE INDUSTRIES

Searching for a public right of way

BY TERRY DODSWORTH IN PARIS

WHEN FRENCH politicians or businessmen quote General de Gaulle as the source of their authority, it is clear evidence that they feel seriously under attack.

This matter of argument was illustrated the other day at Renault, when a senior director outlined the company's reasons for opposing any dilution of the state's ownership of the company. Renault was doing pretty well as it was, he said, and it would be "absolutely inopportune" to modify the nationalisation statute which had been laid down by General de Gaulle in 1946.

The appeal to de Gaulle was prompted by a series of indications that the French authorities were seriously thinking about hiving off bits and pieces of the state sector. The banks, an insurance company, the state airlines, a chemicals company, and even Renault, which General de Gaulle used to refer to as his "daughter," had all been mentioned as candidates.

According to the leaks, they might all be asked to build up their equity by drawing on private savings rather than the taxpayers' pocket.

It has now become clear that there was at least some substance behind the rumours. Société Générale, one of the country's big three nationalised banks, has announced that in its next capital increase it will be seeking private shareholders, since the state has decided not to exercise all its rights to the subscription. Similar announcements are expected later this year from Crédit Lyonnais, and perhaps BNP, the other two big nationalised banking groups.

The banks, which were nationalised in 1945, are to some extent a special case. There is wide agreement in financial quarters that they are under-capitalised at present in comparison with other international groups. The Economics Ministry agrees, and has outline plans to raise the ratio of their capital to lending from about 1 per cent at present to 4 per cent. But the Ministry is faced with the problem of funding these increases.

The difficulty is that the sums are so large that the Government would have no assurance of getting the necessary votes through Parliament. The present administration has already suffered one nerve-racking contest with the parliamentary apostles of reduced government spending, and could not be sure of support, even if it thought the budget deficit could bear the extra burden. Another method of bulding up the bank's capital, by waiving dividends due to the state, has not proved sufficient. Hence the attraction of the private market.

For very similar reasons, stock market funds may be encouraged to move into other public companies. With Government spending creaking under the strain of financing the unpleasant effects of the energy crisis, and the budget deficit beginning to make a mockery of the Prime Minister's claim to austerity, this policy clearly has its attractions.

But whether the principle can be extended satisfactorily to the non-banking sector remains to be seen. It is assumed that there will be no lack of interest in the banks as home for private investment. They are large and solid enough to attract interest from many smaller investors, even though dividend policies might have to be revised a little. Other state companies, however, may not be so welcome to private investors — and indeed may not want to offer themselves to the judgment of the stock market.

In the near future, the most favoured client for a similar public offer is the AFG insurance company, which probably falls into the same broad category as the banks in terms of risk. But the domestic airline, Air Inter, has already shown what difficulties may crop up for companies in the less stable non-financial sectors.

Air Inter, in which Government interests own 54 per cent, the rest being in the hands of other big French transport companies, would like to go public to help with its expansion plans. But after disappointing results last year, caused by the French air traffic controllers' strike, it is hesitant to seek a quotation in the near future.

In the case of Renault, any move to push it towards private investors would attract resolute opposition from the company. It argues that it already provides 80 per cent of its investment from its own resources, and pays regular dividends. "We don't see what interest there would be in opening our capital to other partners," it says.

What Renault does not say, however, is that any significant degree of de-nationalisation would bring a whole new—and probably uncomfortable—range of factors to bear on financial and commercial policy. It may pay regular dividends, for instance, but would they be enough for private shareholders? Renault's declared profit levels have been consistently lower over the years than those of its main private sector rival, Peugeot.

The banks believe that the diversification of their shareholding base will not have a significant impact on their management. In the short term, there is no reason why it should. Société Générale's rights issue, for example, will mean that private shareholders will only, at the maximum, get 16 per cent of the shares, some 8 per cent already being held by the bank's staff.

But in the longer term, if these companies' capital expands, and if it becomes necessary for them to keep attracting private shareholders, objectives would have to change. This is just one more sign of the steady, if painfully slow, move of the French system towards a more positive market orientation.

Separation agreed by VFW Fokker

By Roger Boyes in Bonn

THE JOINT West German-Dutch VFW-Fokker aerospace concern has agreed to separate —thus paving the way for the possible creation of a strong, independent German aerospace industry.

The divorce of Vereinigte Flugtechnische Werke (VFW) from Fokker of Holland is a pre-condition for a merger of VFW with the Munich-based aircraft builder, Messerschmidt-Boelkow-Blohm (MBB). The West German Government has high hopes of such a merger which it believes would rationalise production, reduce the need for state aid to VFW and create an important European competitor against British Aerospace and Aerospatiale of France.

VFW said yesterday that the shareholders of the joint concern had approved the separation which is to be formally sealed on February 29. By that time, the company expects to have received a preliminary valuation of VFW, the second and decisive condition of a merger with MBB.

The separation talks have lasted for well over a year partly because of Dutch fears about the future profitability of an independent Fokker. These doubts were dispelled somewhat by signs of U.S. interest in purchasing Fokker 28 Fan jets which remain one of the key elements in the production programme.

Other delaying factors have included disagreement over the relative distribution of the costs of the divorce. No details have been released on the share-out of the costs and VFW would only say yesterday that agreement had been reached on the issue.

The partnership between VFW and Fokker began in 1969 and was seen at the time as a classic example of trans-national co-operation in aerospace. But problems, compounded by high production costs, meant that the joint concern never really took off. Last year VFW-Fokker had a turnover of DM 1bn in Germany with a workforce of 11,000 and a Dutch turnover of DM 900m with a workforce of 7,900.

The high workforce in Germany has led Bremen and other state interest to buy a stake in VFW to guarantee employment in the area. Disagreement over what stake the various state interests should receive in a future MBB-VFW merger have also slowed down the negotiations.

VFW stressed yesterday that present joint programmes would continue and that both the German and Dutch partners hoped to co-operate in future international projects.

Atlas Copco to expand in U.S. air compressors

BY WILLIAM DULLFORCE IN STOCKHOLM

ATLAS COPCO, the Swedish compressed air and hydraulic equipment group, has signed a preliminary agreement with McGraw-Edison, the U.S. electrical equipment manufacturer, to buy parts of the air compressor business of Worthington Compressors, a McGraw-Edison subsidiary.

Last week Atlas Copco announced it was negotiating the purchase of a 20 per cent stake in Mechanical Technology, also of the U.S., which specialises in turbo compressors. In July the Swedish group took over Jarva Inc., a manufacturer of large tunnel boring machines in Ohio.

These moves are in line with the announced intention of Mr. Tom Wachmeister, the managing director, to expand Atlas Copco's share of the North American market. The Swedish group is already the market leader in its field in Western Europe.

The agreement with MacGraw-Edison excludes Worthington's process compressor and pump operations and that part of its air compressor business which is used for process applications.

At the half-way stage last year Atlas Copco forecast 1979 sales of around SKr 5.3bn ($1.25bn) and pre-tax earnings ahead of the SKr 300m achieved in 1978.

Sharp rise in Internationale Pirelli revenue

By Our Financial Staff

SHARPLY higher sales are reported for 1979 by Internationale Pirelli, the Swiss holding company within the Dunlop Pirellio union.

Sales for the year are 13 per cent in cash terms—at SwFr 2.95bn ($1.82bn) compared to SwFr 2.61bn—and 8 per cent ahead on the basis of volume.

Profits of subsidiaries and of Dunlop companies in which Internationale Pirelli has holdings were generally satisfactory last year, but results of some subsidiaries were "influenced by the general slowing of business activity and monetary measures taken in some countries."

Paribas offer to Pierrefitte

PARIS—CIE Financiere de Paris et des Pays-Bas (Paribas), the holding company for a major private French banking group, is planning to absorb Société Pierrefitte-Auby through an exchange of shares, subject to shareholder approval.

A joint announcement said that pending the conclusion of current merger studies, the operation was likely to be carried out through an exchange of five Paribas shares for eight Pierrefitte.

The Paribas group owns directly and indirectly about 35 per cent of Pierrefitte's capital.

AP-DJ

Brinkmann warns of stagnation

BY OUR BONN STAFF

MARTIN BRINKMANN, one of West Germany's leading cigarette producers, has reported a decline in its market share and warns of stagnation in the country's lucrative tobacco market.

The company, which is part of the Rothman group and is the third largest German producer, announced yesterday that it sold some 22.4bn cigarettes last year —roughly maintaining the 1978 level. Its market share, however, slipped to 18.1 per cent from 18.4 per cent in 1978. Some 60 per cent of its turnover came from the sale of 13bn Lord Extra cigarettes, which is now the second most popular brand on the German domestic market after HB.

Brinkmann has not translated the cigarette sales figure into actual financial turnover, but it seems clear that the 1979-80 business year (ending on March 31) will show a turnover of around DM 3bn ($1.7bn). The 1978-79 turnover was DM 2.76bn, which produced net profits of about DM 36m ($20.7m).

The complicating factor this year is the effect of a 1 per cent increase in value-added tax, imposed in July, which contributed towards a 15 per cent rise in the price of a packet of 20. Some eight pfennigs of the increase will go to the State to meet VAT and tobacco tax, about three pfennigs will go towards dealers, while the industry itself is expected to make about five pfennigs a packet out of the increase.

But the VAT increase (a 1 per cent rise) serves mainly to highlight the extreme price sensitivity of West German tobacco companies. After a tax increase in 1976, sales were hit badly, and it has been a slow climb to regain the pre-1977 sales figures. There are fears within the industry that it may reach its ceiling this year in terms of demand.

Germans now buy about 123.6bn cigarettes a year, according to Martin Brinkmann's analysis of the 1979 results. This approaches the high level of 1976, but most of the increase came in the first half of the year—after the VAT increase, demand fell by 2 to 2.5 per cent. With population growth in West Germany slowing down, and with the various encroachments on disposable income (higher petrol and heating oil prices, for example), the prospects for long-term demand do not look good. Moreover, German manufacturers find it hard to introduce new brands because such a high proportion of sales (an estimated 40 per cent) comes through vending machines. These can only accommodate a limited number of brands.

Acquisitions boost sales at Schering

BY LESLIE COLITT IN BERLIN

SCHERING, the West Berlin-based pharmaceuticals and chemicals company, experienced a 22 per cent rise in group sales last year to DM 2.7bn ($1.55bn) helped by the inclusion of recent acquisitions Sherex Chemical of the U.S., and Diamalt of Munich. Without them, turnover rose by 7 per cent.

Herr Karl Mittelstenscheid, chairman of the board, said Shering's profits, which are to be announced in May, were again "satisfactory." He noted, however, that while sales by the German chemicals industry rose 16 per cent last year, sales by Schering AG, the parent company, were up by only 5.3 per cent, to DM 1.4bn.

Schering's pharmaceuticals division, the fourth largest in West Germany, had a turnover of DM 770m, a 1.7 per cent increase over 1978. Herr Mittelstenscheid said this had "not fulfilled expectations" because of West German Government measures to reduce health insurance costs, as well as the adverse effects of a weak dollar and yen. Pharmaceuticals continued to decline as a percentage of total group turnover to 42 per cent last year.

The parent company had an 8.6 per cent rise in exports, with foreign sales increasing to 63 per cent of Schering AG turnover, compared with 61 per cent in 1978.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 11

U.S. DOLLAR

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	83¼	83¾	+0⅛	−2	13.17
Alex Howden XW 9½ 91	30	72½	74½	−1½	−1½	14.35
Aquitaine Can. 11¾ 85	30	†92½	93	+0⅞	−0¾	13.34
Australian Res. 9⅝ 84	30	87¾	88¼	+0⅛	−1	13.31
Avco O/S Cap. 10¼ 87	40	*78½	79¼	0	−1¾	15.29
Beneficial Fin. 9¾ 87	100	83½	84	+0⅛	−2¼	13.29
CECA Grad. Rate 12 86	100	92¾	93½	−0½	−0⅞	13.58
CECA 11⅜ 90	50	91	91½	−0¼	−1¼	13.22
Canadian Pacific 9¼ 89	50	82⅛	82⅝	+0⅛	−2½	13.13
Carter Hawley 9⅝ 86	50	83½	84	0	−2	13.69
Comalco Inv. E. 10¼ 91	40	83¾	84¼	+0⅛	−1½	12.99
Continental Grp. 9⅝ 86	100	83¾	83⅞	−0⅛	−2¾	13.58
Dome Petroleum 10 94	50	79½	80	−0⅛	−2¼	13.18
Dominion Bridge 10¼ 84	30	87¼	87¾	+0⅛	−3	14.25
EIB 11¼ 92	80	88½	89	−0⅛	−1¼	13.71
EIB 10⅛ 87	100	86¾	87½	+0⅛	−1½	13.37
EIB 10.15 99	100	79	80¼	+2½	−2¼	13.50
Ekportfin 11¾ 87	50	91¼	91¾	−0⅜	−1⅛	13.19
Export Dv. Cpn. 9¼ 84	100	89⅛	89⅝	+0⅛	−0⅞	12.71
Export Dv. Cpn. 9⅜ 84	150	89⅝	90⅛	−0⅛	−1¼	12.77
Finland 9⅝ 89	100	82¾	83¼	+0⅛	−1	13.19
GTE Finance 9⅜ 89	55	90⅞	91⅜	−0¼	−4¼	13.37
GMAC 9⅜ 86	100	83¾	84¼	−0⅛	−2	13.12
GMAC O/S Fin. 11 84	100	93⅝	94⅛	+0⅛	−0⅞	12.75
Gould Int. Fin. 9⅜ 85	50	85¾	86¼	+0⅛	−2½	13.76
ITT Antilles 9½ 89	75	†80	80½	−1	−3	13.32
Kennecott Int. 9⅞ 86	100	80¼	80¾	−0⅛	−3⅜	14.40
Manitoba 9½ 89	75	79⅞	80⅜	−0⅛	−2⅞	13.40
Michelin 10 94	125	80⅛	80⅝	+0⅛	−2⅛	13.06
Nat. Des. Telecm. 9½ 86	100	85¾	86¼	−0⅛	−1⅝	12.83
New Brunswick 9¾ 94	75	76⅜	76⅞	+0⅛	−4	13.55
Newfoundland 10 94	50	77¾	78¼	−0⅛	−4½	13.57
Norges Komm. 9⅞ 99	100	77	78½	0	−2	13.47
Norway 9½ 84	150	89¼	89¾	+0⅛	−1	12.84
Nova Scotia Pwr. 9¾ 89	50	80⅝	81⅛	0	−2⅛	13.46
Occidental Fin. 10¼ 84	50	*91¾	92¼	+0⅞	+0½	12.74
Orient Leasing 9½ 86	25	84½	85	0	−1¼	13.14
Pennwalt O/S F. 9¾ 84	25	87¼	87¾	−0⅛	−2⅛	13.79
Pepsico Cap. 8¾ 84	100	88⅜	88⅞	−0⅛	−2	13.03
Quebec Hydro 10 99	75	74¾	75¼	−0⅛	−3½	13.73
Sears Roebuck 9 82	150	93⅛	93⅝	+0⅛	0	12.95
Statoil 9⅝ 89	100	81½	82	−0⅛	−1⅞	13.07
Sweden 9¾ 89	100	81½	82	−0⅛	−2⅛	13.28
Sweden 9½ 86	200	87¼	87¾	+1	0	12.64
Sweden 9⅝ 84	100	89⅞	90⅜	+0⅛	−0⅜	12.72
Unilever NV 9⅜ 87	100	82⅛	82⅝	−0⅛	−2⅞	13.07
Warner-Lambert 9 84	100	86½	87	+0⅛	−2¼	13.12

Average price changes... On day +0⅛ on week −1¾

DEUTSCHE MARK

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97⅜	97⅞	−0⅛	−0½	8.42
Asian Dev. Bk. 7¾ 89	100	91½	92	−0⅜	−0¾	8.56
Barclays O'seas 6¾ 89	100	90¼	90¾	−0⅛	−0⅞	8.28
BFCE 7¾ 87	100	98¼	98¾	−0⅛	−0⅞	8.06
BFCE 8⅛ 95	100	96⅝	97⅛	−0½	−0⅝	8.48
Brazil 8 87	150	93¾	94¼	+0⅛	0	9.18
CECA 7 91	150	91	91½	−0⅜	−0¼	8.20
Council of Eur. 7¾ 89	100	92¾	93¼	−0½	−1½	8.36
Denmark 7⅞ 86	100	96⅞	97⅜	−0½	−0⅞	8.53
Denmark 8¼ 92	100	97¾	98¼	−0½	−0⅜	8.52
EEC 7⅞ 94	225	95¼	95¾	−1	−1⅞	8.41
EIB 7½ 89	200	96	96½	−0⅛	+1⅞	8.06
Finland, Rep. of 8 86	150	98½	99	−0⅛	−0⅛	8.24
Kobe, City of 7⅛ 89	150	92⅞	93⅜	−0⅛	−2⅛	8.23
Neder. Gasunie 8 86	100	101⅞	102⅜	−0⅞	−0⅛	7.58
New Zealand 7⅝ 87	200	93⅝	94⅛	−0½	−1⅛	8.25
Nippon Tel. & T. 5½ 87	100	84⅞	85⅜	−0⅜	−0⅞	8.38
Norges Komm. 7½ 91	150	96⅛	96⅝	−0⅛	−1⅜	8.22
Norway 6¼ 84	200	93⅞	94⅜	−1⅛	−1⅞	8.00
Norway 7½ 85	250	97¾	98¼	−0⅛	−1	7.97
OKB 6 87	40	88	89	0	0	8.23
OKB 7¾ 89	100	95⅛	95⅝	−0⅛	−0⅛	8.01
World Bank 7⅜ 91	400	94⅝	95⅛	−0⅛	−0⅞	8.44
World Bank 7⅞ 90	250	95⅛	95⅝	−0⅛	−1⅛	8.52

Average price changes... On day −0½ on week −0⅞

SWISS FRANC

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	95½	96	+0⅞	+3½	6.10
Aumar 5 89	80	93	95	+0⅞	+2½	5.84
Australia 3½ 89	250	90	90¼	+0⅛	+2½	4.99
Bergen, City of 4¾ 91	40	93½	94¼	−0⅛	+2½	5.48
BNDE 5 89	75	86½	87	+1½	+4	6.95
BMW Overseas 4¾ 91	100	92	92½	+0⅛	+0½	5.15
Caisse Nat. Tele. 4¾ 89	100	91¾	92¼	+0⅛	+2½	5.47
Canada 3⅞ 89	300	90½	91	+1½	+2½	4.97
Copenhagen 4½ 91	60	89½	90¼	+0⅛	+1⅜	5.71
Council of Eur. 5 89	100	93	93½	+1⅛	+2⅛	5.93
EIB 4½ 91	100	88¾	89¼	+0⅛	+3⅞	5.85
EIB 4⅜ 94	100	85½	86	0	+0⅞	6.85
Elet. de France 4¾ 89	100	91¾	92¼	−0⅛	+1⅛	5.48
GZB 4⅝ 89	100	89	89½	+0⅛	+3⅞	5.72
Hilti 4½ 91	35	97	97½	−0⅛	+4⅝	4.54
Int.-Amer. Dev. 4½ 89	100	91	91½	−0⅛	+1⅝	5.70
Jutland Tele. 5½ 90	50	100	100¼	+0⅛	+0¾	5.48
Malaysia 5 89	80	90	90½	+2¼	+3⅞	6.38
Nippon Tel. & T. 4⅝ 89	100	94¼	94½	−0⅛	+5⅝	5.00
Nordic Bank 5 89	45	94½	95½	+0⅛	+2	5.69
Norges Komm. 4⅝ 91	100	88	88¾	+0½	+2	5.77
OKB 3¾ 91	100	84½	85	−0⅛	+1½	5.63
OKB 4¾ 91	100	88½	88¾	+0⅛	+2⅞	5.74
Oslo, City of 4¾ 91	100	†88	88½	+0⅛	+2½	5.78
Shikoku El. Pwr. 4¾ 89	100	94½	94¾	+0⅛	−0⅛	5.48
Spain 4 91	100	†86¼	86½	−0⅛	+0½	5.69
Steweag 4¾ 91	80	93	93½	+1	+3½	5.56
Voest-Alpine 4¾ 89	90	93¾	94	+0⅛	+1⅛	5.61
World Bank 4⅝ 89	100	99¼	99½	+0⅛	+3⅝	4.70
World Bank 4¾ 89	150	91¾	92	+0⅛	+2	5.48
World Bank 4⅞ 91	100	†92	92½	+0½	+1⅞	5.54

Average price changes... On day +0½ on week +2⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89½	89¾	−0⅛	−1	9.27
Australia 6⅞ 88	20	84⅝	85⅛	−0⅛	−0⅛	9.18
EIB 7⅜ 89	12	96⅞	97½	−0⅞	−0⅜	8.20
Finland 5.6 83	10	88⅞	89⅜	−0⅛	−1⅞	9.37
Finland 6.8 88	10	85⅞	86⅜	+0⅛	−1⅞	9.32

Average price changes... On day −0¼ on week −1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	81⅞	82⅜	+0¼	−2¼	14.82
Bell Canada 10¼ 86 C$	60	88¾	89¼	+0¼	−1¼	13.31
Cr. Foncier 10¼ 84 C$	30	88⅞	89⅜	+0⅛	−0½	13.79
Ex. Dev. Cpn. 10 84 C$	50	88⅞	88⅞	−0⅛	−2	13.65
Fst. Can. Inv. 10 84 C$	50	88¼	88¾	−0¼	−0⅛	13.70
Hudson Bay 10½ 89 C$	60	85⅞	86⅜	+0⅛	−0⅛	13.17
Quebec 10¼ 86 C$	50	86½	87½	−0⅛	−2¼	13.46
R. Bk. Canada 10 86 C$	40	89⅛	89⅝	+1⅛	0	12.52
R. Bk. Canada 10 84 C$	40	79	79½	+0⅛	−4⅛	13.30
Copenhagen 8¾ 91 EUA	20	97⅞	98⅜	−1	−1	8.99
M. Bk. Dnmk. 9 91 EUA	25	95¼	95¾	+0½	−0⅜	9.67
SOFTE 8¾ 89 EUA	40	86⅜	87⅜	−1	−1	10.52
Algemene Bk. 8¾ 84 Fl	75	97⅛	97⅝	+0⅛	−0¼	8.88
Ned. Gasunie 8¾ 84 Fl	50	97½	98	−0⅛	−0⅞	9.41
Ned. Middbk. 8⅜ 84 Fl	75	96¼	96¾	−0⅛	−0⅛	9.29
Norway 8¼ 84 Fl	100	95⅜	95⅞	−0¼	−0⅞	9.58
Norway 8¼ 84 Fl	100	95⅛	95⅝	−0½	−0⅞	9.51
Philips Lamps 8⅝ 84 Fl	75	96⅜	96⅞	−0⅛	−0⅛	9.31
Air France 11 84 FFr	120	96¾	97¼	0	−0⅛	11.92
Euratom 9¾ 87 FFr	150	85⅝	86⅛	+0⅛	−0¼	12.81
Finland 11 84 FFr	80	95⅝	96⅛	+0⅛	0	12.24
Finland 11½ 89 FFr	70	94½	95⅛	+0⅛	+0½	12.44
Gaz de France 11 84 FFr	150	95⅜	96⅜	−0⅛	−1¼	12.05
IBM France 11⅞ 84 FFr	120	96⅞	97⅛	0	0	12.79
Renault 9¾ 85 FFr	100	86⅝	87⅛	−0⅛	−0⅛	13.15
Saint-Gobain 9¾ 86 FFr	130	85¾	86¼	+0⅛	0	13.21
Solvay et Cie 9¾ 87 FFr	125	82⅞	83⅞	+0⅛	−0⅛	13.48
Total Oil 9⅜ 87 FFr	150	83⅛	84¼	0	+0⅛	13.01
Citicorp O/S 13½ 90 £	50	95	95½	—	—	14.42
EIB 11½ 91 £	25	85⅞	86⅜	−0⅛	−0⅛	14.08
Finance for Ind. 13 91 £	15	93½	94¼	+0⅛	+0⅛	14.11
Fin. for Ind. 12½ 89 £	30	90⅞	91⅜	−0⅛	−0⅛	14.20
Gen. Elec. Co. 12¼ 89 £	50	92¾	93¼	+0⅛	+0⅛	13.94
Indonesia 8¾ 91 KD	7	†92⅞	93⅜	0	0	9.76
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.70
Norges Kom. 7½ 89 KD	12	†93¾	93⅞	0	0	8.51
Occidental 8¾ 91 KD	7	†90¼	90¾	0	0	9.86
Akzo 9⅜ 87 LuxFr	500	94½	95½	+0⅛	−0⅛	10.20
Euratom 8 87 LuxFr	500	89½	90½	+0⅞	−1	10.05
Euratom 9⅝ 88 LuxFr	500	99⅜	100⅛	−0⅛	+0⅛	9.77
EIB 9⅝ 88 LuxFr	600	99⅞	100⅞	—	—	9.68
Volvo 9¾ 87 LuxFr	500	98½	99½	0	+0⅛	9.93

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅛	2/7	15⅛	15.41
Banco di Roma Int. 6 87	0⅛	99½	100	26/4	15⅛	15.79
Bank of Ireland 5¼ 89	‡0⅛	97¾	97⅞	21/2	15.69	16.07
Bank of Tokyo 5⅛ 89	‡0⅛	97⅞	98⅜	25/4	14.56	14.84
Barclays O/S Inv. 5 90	0¼	97⅜	97⅞	13/6	14⅝	14.60
Bergen Bk. A/S 6 89	‡0⅛	96⅞	97⅜	29/2	14.31	14.76
Bque. Indo Suez 5¼ 89	0⅛	98⅛	98⅞	11/7	14.69	14.89
Citicorp O/S F. 6 94	‡0⅛	98⅝	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§‡0	99⅝	100⅛	23/2	15⅛	15.14
Citicorp O/S F. 84	‡0	99⅞	99⅜	29/2	14⅝	14.70
Co-operative Bk. 6 86	0⅛	97¾	98⅛	15/5	15.06	15.39
Creditanstalt 5½ 91	§‡0⅛	98⅛	98⅝	14/3	14⅞	15.12
CNT 5¾ 86	§0⅛	99¾	99⅞	16/4	15.19	15.24
[illegible] 5½ 89	‡0⅛	98⅜	98⅞	1/5	14⅝	14.83
Jugobanka 8 89	0⅞	91⅞	92⅜	23/5	16	17.37
Ind. Bank Japan 5¼ 87	0⅛	97½	98	15/4	14⅛	14.58
LTCB Japan 5¼ 86	0⅛	97⅝	98⅛	13/6	14⅛	14.56
LTCB Japan 5½ 89	0⅛	97⅜	97⅞	7/6	14.19	14.53
Mfrs. Han. O/S 5¼ 94	‡0⅛	98⅛	98⅝	29/2	13.81	14.02
Midland Intl. Fin. 5 89	0⅛	99½	100	20/6	15	15.04
Nacional Fin. 6¾ 86	0⅛	97⅞	98⅛	25/7	14.69	14.99
Nat. West. 5⅛ 94	§0⅛	97⅝	98⅛	11/4	14.94	15.25
Nippon Cred. Bk. 5½ 86	0⅛	97⅜	97⅞	12/7	14.44	14.79
Nippon Credit 5⅛ 87	‡0⅛	97⅞	98⅜	6/5	14.69	14.97
Royal Bk. Scot. 5¼ 94	§‡0⅛	98⅜	98⅞	11/4	14⅝	14.83
Soc. C. de Bque. 6½ 87	0⅛	96⅜	96⅞	3/4	13⅛	13.71
Sogenal 5⅛ 89	§0⅛	96⅝	97⅛	13/7	14.44	14.90
Sweden 6¼ 91	‡0⅛	†97⅜	97⅞	18/4	14.44	14.79
[illegible] 8 91 (D-lock)	0⅛	97½	98	24/5	15.31	15.67
Williams & Glyn 5⅜ 91	0⅛	97⅛	97⅝	14/3	13	13.33
Bq. E. d'Alg. 4⅛ 89 SF	0⅛	98	98½	18/6	6.89	6.95

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†110	112	+3½	−11.46
Ajinomoto 7¾ 95	2/80	618	96⅝	97⅝	−0⅛	5.49
Alco Int. Fin. 9½ 94	1/80	40	†96½	98	0	14.41
Asahi Optical 7 94	11/79	605	90⅝	91⅝	+0½	10.55
Canon 6¾ 94	8/79	570	105¼	106¼	−0⅛	0.86
Ciba-Geigy O/S F. 4 94	9/79	675	†86½	88	+0½	−3.81
Credit Suisse 4¾ 93	10/79	1325	110	111¾	+0⅛	−0.81
Daiei Inc. 6½ 94	11/79	1020	94½	95½	−0½	8.97
Enserch Fin. 9½ 94	7/80	30.25	†116	117	+6¼	5.22
LPC Internatnl. 8 89	9/79	36	†118	119½	+5¼	1.37
Meidensha Elec. 7 94	12/79	210	92⅞	93⅞	−0⅛	23.58
Mitsubishi Cp 6½ 94	10/79	604	124	125¼	−2⅛	12.32
Nippon Seiko 7¼ 94	12/79	339*	†100	101	+1	−3.39
Nitto Elec. Ind 6 94	7/79	735	79	80	−0⅛	14.59
Toshiba Cpn. 7¼ 94	10/79	198	98	99	+0⅛	4.92
Union Bk. Switz. 5 89	2/80	125	104½	106½	+0⅛	0.67
Fujitsu 5 84 DM	7/79	475	101⅛	101⅞	0	23.88
Kansai Elec. 4 84 DM	4/79	1234	84¼	85¼	0	50.18
Tokyu Ld. Cp. 4 86 DM	4/79	493	77½	78½	−0⅛	39.22
Uny Co. 6½ 85 DM	11/79	1071	93¼	94	−0⅛	15.20

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTNL. COMPANIES and FINANCE

Capital reconstruction and rights by H. C. Sleigh

BY JAMES FORTH IN SYDNEY

H. C. SLEIGH, the diversified petroleum, coal, timber, shipping and investment group, plans to raise A$12.56m (U.S.$13.9m) through a rights issue. The issue was foreshadowed in November when the company raised A$6.84m through a placement of shares at 90 cents each. The new issue is of one share for every six held. The price compares with a market close in Sydney of A$1.40. The rights offer will be made immediately after Sleigh completes a capital reconstruction which involves the formation of a holding company and exchanging shares in the present listed company on a one-for-one basis.

Mr. Peter Sleigh, the chairman said after the placement last November that it had "defensive connotations" and yesterday added that the latest issue would have the same. He did not indicate the target of the defensive moves, but Mr. Alan Bond the Western Australian businessman has been buying Sleigh shares recently and is thought to hold about 4 per cent of the capital.

Mr. Sleigh said the funds from the rights issue would be used for a variety of things, including the Warkworth coal project in NSW, which is 45 per cent owned by Sleigh, 30 per cent by Costain, 15 per cent by Japan's Mitsubishi, and 10 per cent by the life office T & G Mutual Life.

Bahrain offshore banking growth

BY MARY FRINGS IN BAHRAIN

BAHRAIN'S offshore banking market showed an overall growth of 19 per cent during 1979, despite some fluctuations in the early part of the year and in November. Total liabilities at the end of December stood at $27.8bn, compared with $23.4bn at the end of 1978.

Mr. Abdulla Saif, the director-general of the Bahrain Monetary Agency, forecast a similar growth rate for 1980, with at least six banks joining the 51 reporting at the end of last year. There was an increase in business with non-banks. Liabilities to this sector rose from $4.8bn to $7bn, and loans from $6.2bn to $6.7bn.

Arab countries' share of the market went up from 50 per cent in 1978 to 55 per cent at the end of 1979. Liabilities to Arab countries reached $16.1bn against $11.7bn, and loans rose from $11.7bn to $14.7bn.

A breakdown by currencies shows that US dollars accounted for 63 per cent of liabilities, and Saudi riyals for 23 per cent. Regional currencies as a whole had a 29 per cent share of liabilities.

European currencies and the yen accounted for most of the remainder. Of assets, 65 per cent was in dollars, 20 per cent in Saudi riyals, and 27 per cent in regional currencies in total. Bankers say that the Saudi Government's decision to denominate large-scale contracts in dollars rather than riyals had so far had little effect.

Regional (Gulf) banks had shown a markedly higher growth rate than others, although they were comparative newcomers to the Bahrain offshore market, Mr. Saif commented.

Two new offshore licences were approved at the Bahrain Monetary Agency's latest Board meeting—both within the guidelines laid down by the Board when it imposed a temporary moratorium last July, Mr. Saif emphasised. The successful applicants were United Gulf Bank, to be incorporated in Bahrain under the Exempt Company regulations, and the Bank of Baroda.

Fair geographical representation was one of the major criteria to be applied to new applications. The Bank of Baroda, established in south India in 1908 and nationalised in 1969, will be only the second Indian bank in the market. The State Bank of India opened a representative office in 1976 and extended it to an OBU a year later.

United Gulf Bank will join the only other Kuwaiti institution in the market, which is the London-based United Bank of Kuwait. UGB has a capital of $50m

The BMA also granted licences for the opening of two new representative offices. One is for Banco di Roma, the first Italian bank to test the market. The other is a regional office for AEII (American Express International Inc.), which will handle the American Express credit card business in the Gulf.

OBUs new to the market for 1980 will include not only the Bank of Baroda and United Gulf Bank. Bank of Tokyo, the sole representative of Japan, opened for business last month, and the small Saudi-owned Arab Solidarity Bank, whose long-standing application for an OBU licence was ratified at the end of last year, has signed a management contract with the State Bank of India and is making the necessary preparations.

Also expected to open within six months is the U.S.$1bn Arab Banking Corporation, established by Amiri decree and jointly owned by Kuwait and Libya. Arab-Latin American Bank, licensed last year, is to open soon.

Deal puts Forestwood control in question

By Our Sydney Correspondent

CONTROL of Forestwood the diversified industrial group, appears to have changed following the sale of a 25 per cent stake in the company for more than A$6m. Forestwood is largely involved in building and construction activities, but also has coal interests, and it is the coal that is apparently the main attraction. The price of Forestwood shares has risen sharply, from around A$1.30 in late December.

The 25 per cent stake was sold on Friday at A$2.60 a share, and yesterday the price rose again to close on the Sydney market at A$3.30. The 25 per cent holding was sold by the Keighery family, which was Forestwood's biggest shareholder and which is associated with the Aquila Steel Group. The family company of Mr. F. Millar the chairman, has also been selling in recent weeks, and has virtually disposed of its entire holding of just over 5 per cent.

It is not clear whether the same party has bought all the shares, but the Keighery stake apparently went to one buyer. It is suggested that Mr. Kerry Packer's Consolidated Press Holdings, which has been investing in coal and energy stocks, bought the Keighery parcel or was a member of a syndicate which bought the holding.

The Sydney Stock Exchange is believed to be making inquiries in an endeavour to discover the identity of the buyer. Under rules introduced on January 1, any party which buys more than 20 per cent of the capital of a company is required either to make a formal takeover offer for the remainder of the capital, or to stand in the market for 30 trading days and accept all shares offered. The price paid must at least equal the highest price paid by the buyer.

Bank of East Asia lifts earnings and dividend

BY ANTHONY ROWLEY IN HONG KONG

THE Bank of East Asia, one of the more prominent banks run by Hong Kong-Chinese interests, has announced group net profits for 1979 of HK$54m (US$11.1m) up from HK$40.24m in 1978.

The result reflects the generally buoyant level of bank profits in Hong Kong last year as credit demand for Hong Kong dollar loans rose sharply despite record high lending rates. Bank of East Asia is also in merchant banking, hire purchase and export credit finance—all of which showed vigorous growth last year.

The bank, whose chairman is Sir Yuet-Keung Kan, also announced a final dividend of 90 cents, making a total for 1979 of HK$1.20 a share against HK$1.10 for the previous year. A one-for-five scrip issue is again being made.

* * *

THE Amoy Canning Corporation (Hong Kong) lifted turnover from HK$47.29m to HK$68.16m ($US14m) for the six months to December, but pre-tax profits were slightly lower at HK$6.68m (US$1.37m) compared with HK$6.95m for the same previous period. Earnings were 11 cents per share against 11.5 cents and the interim dividend is unchanged at 3 cents. For all 1978-79 turnover was HK$97.52m, pre-tax profits HK$11.08m and earnings per share 20.7 cents.

The directors say that trading conditions in Hong Kong are proving difficult but some improvement is expected during the second half.

Canon sees further rise in payout

TOKYO—Canon Incorporated is considering a dividend increase for 1980 to Y10 per share, after an anticipated Y1.25 per share increase to Y8.75 for 1979.

The company says it expects a continued improvement in business performance, helped by good sales of cameras and copying machines.

Canon forecasts that profit before tax and special items this year will reach a record Y23bn ($95m) on estimated sales of Y230bn ($952m).

It said it expects last year's after-tax profit, due to be announced later this month, to be Y11.30bn, up 51 per cent from the Y7.46bn of 1978, on sales estimated at Y187.5bn, up 37 per cent from the Y136.96bn of 1978.

Reuter

ISRAELI NEWS

Israel Discount doubles profit

BY L. DANIEL IN TEL AVIV

ISRAEL DISCOUNT BANK—the third largest Israeli bank and the first of them to publish its results for 1979—raised its consolidated net income by 103 per cent last year, to I£935.6m ($25.3m), from I£459.3m in 1978. Tax paid was I£1.48bn.

The consolidated balance sheet total rose to I£268.9bn ($7.2bn) at December 31, to show a gain of 125.1 per cent on the year. Israel's inflation rate in 1979 was just under 115 per cent, while the dollar rose by 85.9 per cent against the Israeli pound.

Capital funds, on a consolidated basis, including capital notes and minority interests, totalled I£5.55bn at the end of 1979, for an increase of 90.7 per cent.

The cash dividend for 1979 will be unchanged at 30 per cent, and there is a bonus share distribution of 40 per cent, against 30 per cent in 1978.

The consolidated figures cover Barclays Discount Bank, the Mercantile Bank of Israel, the Israel Development and Mortgage Bank, the Industrial Finance Bank, Discount Bank (Latin America) of Montevideo and Israel Discount Trust Company, New York.

* * *

THE Arab-Israel Bank, a subsidiary of Bank Leumi which caters mainly to the country's Arab centres of population, reports a 113 per cent growth in its balance sheet total during 1979 to over I£2bn ($54m). Operating profit increased by 246 per cent to I£42.2m and net profit by 290 per cent to I£13.9m ($376,000).

The bank, which was established 20 years ago, has 30 branches. When Bank Leumi acquired it in 1971, its balance sheet totalled I£57m and it had only 13 branches. It is the main source of credit to the Arab sector financing economic activity in more than two dozen villages and townships. It has recently greatly increased its various savings schemes.

* * *

THE Israel Government has found a novel way of reducing the burden of outstanding index-linked bonds held by companies and individuals. The Government has a fund to help out companies which are in temporary liquidity straits or have been hard hit by changes on international markets, such as the closure of Iran to Israeli goods. The fund was recently increased five-fold to I£500m ($13.5m) and is to be expanded further.

Hitherto, industrial companies short of working capital were permitted to redeem "employers' loan" certificates before the normal redemption date. In future, companies applying for loans to the fund will have to sell their holdings of Defence Loan Certificates (some of these are negotiable, others not in the normal way). This step also means that instead of the companies profiting from the 100 per cent-plus index-linkage gains on the bonds while getting loans at a lower interest rate, they will first be required to redeem their bonds. The interest rate for loans from the fund have been raised from 48 per cent to 62 per cent which is still 25 per cent below the normal rate charged by the commercial bank.

* * *

AMERICAN Israeli Paper Mills has agreed in principle to acquire shares representing about 60 per cent of the equity and about 80 per cent of the voting rights of Molett Paper Mills of Naharya, Israel, AP-DJ reports from Tel Aviv.

The shares, owned by Intermonta SA of Luxembourg, are to be purchased for US$700,000 and the transaction, subject to conclusion of certain details and formalities, is scheduled to be closed today.

Molett has 120 employees and an annual production of 3,500 metric tons of household products using primarily waste paper.

American Israeli has also concluded the acquisition of Shapir Cardboard and Paper Industry following negotiations announced in late November.

هكذا من الاصل

Sterling firm

Sterling rose against most currencies yesterday in predominantly dull trading, while the dollar finished slightly above its worst level of the day, but still showed a loss from Friday. The two economic indicators affecting sterling seemed to balance out each other quite nicely, with a larger than expected rise in the UK Wholesale Prices Index being countered by a negative central borrowing requirement for January. On Bank of England figures, the pound's trade weighted index rose to 73.0 from 72.8, although it was higher during the morning at 73.2, and 73.1 at noon.

Against the dollar sterling opened at $2.3070 and rose initially to a high point of $2.3100, aided to a certain extent by signs of an end to the current steel strike. By noon the rate had fallen back to $2.3050, and touched a low of $2.3000 on the WPI announcement before coming back on favourable Government borrowing figures to close at $2.3040-2.3050, a rise of 60 points from Friday.

The dollar showed little movement overall, being quoted at DM 1.7385 from DM 1.7390 against the D-mark and SwFr 1.6170 from SwFr 1.6175 in terms of the Swiss franc. Against the Japanese yen the U.S. unit eased slightly to Y241.40 from Y241.70. On Bank of England figures its trade weighted index was unchanged at 85.1.

D-MARK—Very strong, but remaining steady within the European Monetary System — Trading was somewhat restricted ahead of today's holiday in the U.S., and the dollar was fixed at DM 1.7390, compared with DM 1.7413 on Friday. The D-mark was slightly firmer overall against EMS currencies, with the Belgian franc easing to DM 6.158 per BFr 100 from DM 6.162, and the French franc lower at DM 42.695 compared with DM 42.70 per FFr 100. Sterling remained firm, being fixed at DM 4.0130 against DM 4.00 previously.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—There was little active trading yesterday, and although the krone improved slightly overall, it retained a softish undertone. Lack of confidence in the krone and a large balance of payments deficit, prompted the authorities to spend an estimated DKr 1.5bn in support measures. A rise in the discount rate from the present level of 11 per cent has yet to be announced, and the delay has led to market speculation that the authorities are contemplating a much more comprehensive economic package, possibly including a further devaluation of the krone.

FRENCH FRANC — Strongest member of EMS since December, but challenged recently by Italian lira—The franc was unchanged on balance at yesterday's fixing, showing gains against the Danish krone, Italian lira and Irish punt, but easing in terms of the D-mark and Dutch guilder. Sterling was fixed higher at FFr 9.3930 against FFr 9.3750, while the U.S. dollar eased to FFr 4.0737½ from FFr 4.0805.

BELGIAN FRANC — Generally weakest member of EMS, but resists devaluation—Most EMS currencies improved against the Belgian franc yesterday, but it remained within its maximum permitted divergence against the European Currency Unit. Outside the EMS, sterling continued to appreciate, being fixed at BFr 65.115 compared with BFr 65.0125 on Friday.

ITALIAN LIRA—Recent demand for the lira reflected tight conditions in the domestic money market: second strongest EMS currency behind French franc—The U.S. dollar and the Irish punt lost a little ground at the Milan fixing, but all other major currencies were firmer.

THE POUND SPOT AND FORWARD

Feb. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3000-2.3100	2.3040-2.3050	0.80-0.70c pm	3.91	1.88-1.78 pm	3.18
Canada	2.6675-2.6765	2.6705-2.6715	1.05-0.95c pm	4.49	2.55-2.45 pm	3.74
Nethlnd.	4.40½-4.44½	4.41¼-4.42¼	2½-1½c pm	5.77	6½-5½ pm	5.43
Belgium	64.90-65.35	64.95-65.05	18-8c pm	2.40	45-35 pm	2.46
Denmark	12.50-12.57	12.53-12.54	1¼-3¼ore dis	−2.63	6¾-8¾ dis	−2.47
Ireland	1.0815-1.0860	1.0835-1.0845	0.03-0.13p dis	−0.89	0.17-0.27dis	−0.81
W. Ger.	3.99-4.03	4.00¾-4.01¾	3½-2½pf pm	8.35	9½-8½ pm	8.98
Portugal	108-116	108.5-109.5	n/a	—	n/a	—
Spain	152.40-153.20	152.70-152.80	par-50c dis	−1.96	70-170 dis	−3.14
Italy	1,854-1,863	1,857-1,858	1½ lira pm-½ dis	0.65	6½-8½ dis	−1.62
Norway	11.19-11.24	11.20½-11.21½	6-4ore pm	5.35	17½-15½ pm	5.80
France	9.36½-9.42	9.37½-9.38½	5¼-4¼c pm	6.08	11½-10½ pm	4.69
Sweden	9.54-9.59	9.56-9.57	3¼-1¼ore pm	2.82	7½-5½ pm	2.72
Japan	552-560	556-557	4.75-4.40y pm	9.87	12.45-12.10pm	8.82
Austria	28.65-28.85	28.73-28.78	25-15gro pm	8.35	65-55 pm	8.35
Switz.	3.71½-3.75½	3.72½-3.73½	4½-3½c pm	12.47	11½-10½ pm	11.80

Belgian rate is for convertible francs. Financial franc 66.40-66.50. Six-month forward dollar 2.90-2.80c pm, 12-month 4.30-4.20c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3000-2.3100	2.3040-2.3050	0.80-0.70c pm	3.91	1.88-1.78 pm	3.18
Ireland†	2.1230-2.1270	2.1240-2.1250	0.80-0.75c pm	4.38	2.10-2.05 pm	3.91
Canada	1.1590-1.1598	1.1590-1.1593	0.05-0.01c pm	0.31	0.19-0.15 pm	0.59
Nethlnd.	1.9162-1.9225	1.9162-1.9172	0.43-0.33c pm	2.38	1.27-1.17 pm	2.55
Belgium	28.19-28.29	28.19-28.21	½-2c dis	−0.53	par-2 dis	−0.14
Denmark	5.4356-5.4400	5.4355-5.4370	2.70-3.20ore dis	−6.51	7.25-7.75dis	−5.52
W. Ger.	1.7370-1.7425	1.7380-1.7390	0.83-0.73pf pm	5.38	2.63-2.53 pm	5.94
Portugal	47.10-47.50	47.10-47.50	n/a	—	n/a	—
Spain	66.27-66.32	66.27-66.30	15-30c dis	−4.07	75-85 dis	−5.13
Italy	806.20-806.80	806.25-806.45	2-2½ lire dis	−3.53	9-10 dis	−4.71
Norway	4.8617-4.8675	4.8665-4.8675	1.25-0.75ore pm	2.46	3.85-3.35 pm	2.96
France	4.0725-4.0810	4.0725-4.0740	0.73-0.63c pm	2.00	1.97-1.87 pm	1.88
Sweden	4.1500-4.1525	4.1500-4.1510	par-0.20ore dis	−0.29	par-0.20 dis	−0.10
Japan	240.90-241.60	241.35-241.45	1.25-1.10y pm	5.84	3.50-3.35 pm	5.67
Austria	12.471-12.487	12.471-12.476	5.60-5.00gro pm	5.10	18.25-16.25pm	5.53
Switz.	1.6120-1.6240	1.6165-1.6175	1.25-1.15c pm	6.90	3.70-3.60 pm	9.03

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.571824	0.626096
U.S. $	12	1.31674	1.43428
Canadian $	14	1.52584	1.66198
Austria Sch.	5¼	16.4382	17.9214
Belgian F.	10½	37.2177	40.6579
Danish K.	11	7.15451	7.81398
D'Mark	6	2.29284	2.49881
Guilder	9½	2.53012	2.75784
French Fr.	9½	5.37296	5.85259
Lira	15	1062.61	1157.47
Yen	6¼	317.071	346.666
Norwgn. Kr.	9	6.41384	6.98639
Spanish Pts.	8	87.3762	95.1288
Swedish Kr.	10	5.46447	5.95326
Swiss Fr.	2	2.13667	2.32813

CURRENCY MOVEMENTS

Feb. 11	Bank of England Index	Morgan Guaranty changes %
Sterling	73.0	−33.3
U.S. dollar	85.1	−8.3
Canadian dollar	81.6	−16.5
Austrian schilling	157.4	+23.9
Belgian franc	115.4	+13.6
Danish kroner	108.2	−3.4
Deutsche mark	157.9	+46.0
Swiss franc	201.2	+80.2
Guilder	126.0	+20.1
French franc	102.1	−5.8
Lira	55.2	−49.7
Yen	116.8	+15.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 11	£	$		£ Note Rates
Argentina Peso	3850-3870	1670-1680	Austria	28.65-28.90
Australia Dollar	2.0800-2.0840	0.9025-0.9030	Belgium	66.30-66.80
Brazil Cruzeiro	103.70-104.70	45.00-45.45	Denmark	12.52-12.59
Finland Markka	8.51-8.52	3.6990-3.7010	France	9.32-9.38
Greek Drachma	88.266-90.354*	38.15-38.35	Germany	3.99½-4.02
Hong Kong Dollar	11.14-11.16	4.8440-4.8460	Italy	1865-1960
Iran Rial	n/a	n/a	Japan	556-561
Kuwait Dinar (KD)	0.622-0.632	0.2722-0.2733	Netherlands	4.41-4.44
Luxembourg Frc.	64.95-65.05	28.19-28.21	Norway	11.20-11.26
Malaysia Dollar	4.9950-5.0070	2.1710-2.1720	Portugal	102-109
New Zealand Dlr.	2.3345-2.3395	1.0130-1.0140	Spain	151¾-159½
Saudi Arab. Riyal	7.69-7.79	3.3585-3.3615	Sweden	9.56-9.68
Singapore Dollar	4.9500-4.9620	2.1510-2.1520	Switzerland	3.71½-3.75½
Sth. African Rand	1.8825-1.8840	0.8170-0.8175	United States	2.30¼-2.3105
U.A.E. Dirham	8.57-8.67	3.7410-3.7440	Yugoslavia	49-51

Rate given for Argentina is free rate. * Indication only.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5864	+2.00	+1.47	±1.53
Danish Krone	7.72336	7.81523	+1.19	+0.66	±1.64
German D-Mark	2.48208	2.49912	+0.69	+0.16	±1.125
French Franc	5.84700	5.85549	+0.15	−0.38	±1.3557
Dutch Guilder	2.74362	2.75702	+0.49	−0.04	±1.512
Irish Punt	0.668201	0.676549	+1.25	+0.72	±1.668
Italian Lira	1157.79	1159.30	+0.13	+0.11	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.305	4.010	556.5	9.383	3.730	4.420	1858.	2.671	65.00
U.S. Dollar	0.434	1.	1.740	241.5	4.071	1.619	1.918	806.0	1.159	28.21
Deutschemark	0.249	0.575	1.	138.8	2.340	0.930	1.102	463.2	0.666	16.21
Japanese Yen 1,000	1.797	4.141	7.206	1000.	16.86	6.703	7.942	3338.	4.800	116.8
French Franc 10	1.066	2.456	4.274	593.1	10.	3.975	4.711	1980.	2.847	69.28
Swiss Franc	0.268	0.618	1.075	149.2	2.515	1.	1.185	498.0	0.716	17.43
Dutch Guilder	0.226	0.521	0.907	125.9	2.123	0.844	1.	420.2	0.604	14.71
Italian Lira 1,000	0.538	1.241	2.159	299.6	5.051	2.008	2.380	1000.	1.438	34.99
Canadian Dollar	0.374	0.863	1.501	208.3	3.513	1.396	1.655	695.4	1.	24.34
Belgian Franc 100	1.538	3.545	6.169	856.2	14.45	5.738	6.800	2858.	4.109	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.00-14.10 per cent; three-months 14.25-14.35 per cent; six-months 14.40-14.50 per cent; one year 14.00-14.10 per cent.

Feb. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17¾	13⅝-13⅞	12½-13½	11-11¼	¾-1	7 3/16-7 5/16	11⅞-12⅛	15-16	—	6½-8
7 days' notice	17¾-18	13⅝-13⅞	12½-13½	11⅛-11⅜	1¼-1½	7 3/16-7 5/16	11⅞-12⅛	15-18	13 11/16-13 13/16	7⅜-8
Month	17⅞-18⅛	14-14¼	13⅛-13⅜	11 1/16-11 5/16	4⅛-4⅝	8¼-8⅝	12-12¼	17-18	14-14⅛	7¾-8
Three months	17¾-18	14 1/16-14 3/16	13 1/16-13 5/16	11 9/16-11⅞	5 1/16-5 5/16	8⅝-8 11/16	12⅜-12⅝	18¾-19½	14½-14⅝	8 7/16-8 9/16
Six months	17⅛-17⅜	14 1/16-14 3/16	13⅜-13⅝	11 9/16-11 11/16	5½-5¾	8 1/16-8 3/16	13⅛-13⅜	19-19¾	14½-14⅝	8 7/16-8 9/16
One year	16⅜-16⅝	14 1/16-14 3/16	13⅛-13⅜	11 9/16-11¾	5½-5⅝	8 1/16-8 3/16	13¼-13½	20-21	14 1/16-14 3/16	8½-8¾

Long-term Eurodollar two years 13¼-13½ per cent; three years 13-13¼ per cent; four years 12¾-13 per cent; five years 12¾-12¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

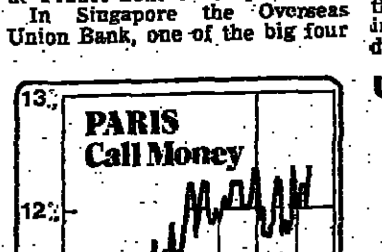
INTERNATIONAL MONEY MARKET

French rates firm

Short-term interest rates were generally firmer in the Paris money market yesterday, and liquidity is expected to remain tight for most of this week. Last week the Bank of France gave FFr 8bn assistance to the money market through purchases of first category paper. The recent intervention by the authorities has indicated a desire to hold rates steady at the present level. On Friday the central bank bought FFr 3bn of paper at an unchanged rate of 12 per cent, but yesterday call money rose to 12¼ per cent, equal to the five year peak touched at the end of December.

A factor draining funds from the market next week will be the auction of FFr 750m of 4 and 7 year bills by Credit Foncier de France next Tuesday.

In Singapore the Overseas Union Bank, one of the big four local banks, increased its prime rate to 10 per cent from 9¾ per cent. The other three: the Development Bank of Singapore, United Overseas Bank, and Overseas Chinese Banking Corporation have all increased their rates recently, with the Development raising its prime rate from 9¾ per cent to 10¼ per cent in two ¼ point stages since the beginning of the year. It was also announced that the Royal Bank of Canada, an offshore bank charging the highest prime rate in Singapore, has lowered its prime to 12 per cent from 12¼ per cent according to figures released by the Association of Banks in Singapore. Although prime rates of the major local banks are much more significant than those charged by the offshore banks, the move by the Canadian bank is the first indication of any decline in rates during recent weeks.



GOLD

Firmer trend

Gold rose $15 an ounce in reasonable two way trading in the London bullion market yesterday, to close at $710-715. The metal opened at $705-710 and rose to a morning fixing of $714.50. The best level seen was $718-722, but it fell back at the afternoon fixing to $710.50 before recovering slightly towards the close.

In Paris the 12½ kilo bar was fixed at FFr 89,700 per kilo ($684.86 per ounce) compared with FFr 89,700 ($684.43) in the morning and FFr 88,700 ($676.10) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 40,110 per kilo ($714.50 per ounce) against DM 38,620 ($690.97 per ounce).

	February 11		February 8	
Gold Bullion (fine ounce)				
Close	$710-715	(£308-310.5)	$695-700	(£302.4-304.55)
Opening	$705-710	(£305.8-308)	$688-693	(£298.75-300.90)
Morning fixing	$714.50	(£309.736)	$688.50	(£298.401)
Afternoon fixing	$710.50	(£308.296)	$692	(£300.830)
Gold Coins				
Krugerrand	$715-720	(£310-313)	$698-703	(£304-307)
Mapleleaf	$715-725	(£310-320)	$698-703	(£304-307)
New Sovereigns	$176-179	(£76¼-77¾)	$170-173	(£74-76)
King Sovs	$181-184	(£78½-80)	$174-178	(£75½-78½)
Victoria Sovs	$183-186	(£79¼-80¾)	$176-178	(£76-79)
Fr 20 Napoleon	FFr695-705	(SFr255-265)	FFr 695-705	(SFr255-265)
50 pesos Mexico	$880-885		$850-860	
100 Cor. Austria	$685-695		$665-675	
$20 Eagles	$810-820		$800-810	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Heavy shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave extremely large assistance. They bought a small number of Treasury bills from the discount houses and banks, and a small amount of local authority bills. The Bank of England also lent a large amount to 10 or 11 discount houses at Minimum Lending Rate, until tomorrow, and a large amount to the same number of houses at MLR, until Thursday.

Banks brought forward moderate run down balances from Friday, resale was made to the market of a moderate amount of eligible bank bills, there was a small net take-up of Treasury bills, repayment was made of the small amount borrowed from the authorities before the weekend, and revenue payments to the Exchequer outweighed Government disbursements.

Discount houses paid 16¾-17 per cent for secured call loans throughout the day, while in the interbank market overnight loans touched 35 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	15¼
Fed. Funds	13⅞
Treasury Bills (13-week)	12.08
Treasury Bills (26-week)	12.20

GERMANY

Discount Rate	6
Overnight Rate	8.40
One month	8.70
Three months	8.85
Six months	8.75

FRANCE

Discount Rate	9.5
Overnight Rate	12.375
One month	12.1875
Three months	12.3125
Six months	12.1875

JAPAN

Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.625

LONDON MONEY RATES

Feb. 11 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	17¾-35	—	—	—	17¾	16¾-17	—	—	—
2 days notice	—	—	17¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	17¾-18⅛	17¼-17⅞	—	18¼	18	16⅞-17	—	—	—
One month	17 11/16-17 13/16	17 11/16-17 13/16	17⅝-17¾	18⅞-18⅝	18¼	18-18⅛	16⅛-16¾	15 [illegible]	17 [illegible]-18 1/16	18¼
Two months	17 11/16-17 13/16	17¾-17⅞	—	18½-18⅛	18	—	16⅛-16⅝	16 [illegible]	17⅝-17¾	18⅛
Three months	17⅞-17 [illegible]	17¾-17⅞	17¾	18⅛-17¾	18	18	16-16⅜	16 [illegible]-16¼	17½-17 [illegible]	18
Six months	16 [illegible]-16 [illegible]	16 [illegible]-17⅛	16⅝-16¾	16⅝-16⅜	17⅜	17¾	—	—	16 [illegible]-16 [illegible]	17
Nine months	16 [illegible]-16⅝	16-16¼	—	16⅝-16¼	16¼	—	—	—	—	—
One Year	15 [illegible]-15⅝	15¾-16⅛	16-16¼	16⅛-15⅞	15⅜	—	—	—	—	—
Two years	—	—	15¾-15⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15⅝-15⅞ per cent; four years 15⅝-15⅞ per cent; five years 15¼-15½ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅞ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15²⁷⁄₃₂-15²⁹⁄₃₂ per cent; two-months 15²⁹⁄₃₂-16¹⁄₃₂ per cent; three-months 16⅛-16⅛ per cent. Aproximpate selling rate for one-month bank bills 17⅛-17¼ per cent; two-months 17½-17⁹⁄₁₆ per cent; three-months 17⅞-17⅛ per cent; one-month trade bills 18 per cent; two-months 17⅞ per cent and three-months 17¾ per cent.

Finance Houses Base Rates (published by the Financ Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1741 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on February 11, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (cr) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	94.00
Albania	Lek	10.10
Algeria	Dinar	8.8360
Andorra	French Franc	9.3825
	Spanish Peseta	152.75
Angola	Kwanza	62.686
Antigua (S)	E. Caribbean $	6.23
Argentina	Ar. Peso Free Rate	3,860
Australia (S)	Australian $	2.0820
Austria	Schilling	28.755
Azores	Portug. Escudo	109.00
Bahamas (S)	Ba. Dollar	2.3045
Bahrain (S)	Dinar	0.871
Balearic Isles	Spa. Peseta	152.75
Bangladesh (S)	Taka	34.72
Barbados (S)	Babados $††	4.6090
Belgium	B. Franc	(cm) 65.00
		(fn) 66.45
Belize	B $	4.6090
Benin	C.F.A. Franc	469.50
Bermuda (S)	Bda $	2.3045
Bhutan	Indian Rupee	18.18
Bolivia	Bolivian Peso	57.60
Botswana (S)	Pula	1.8155
Brazil	Cruzeiro ‡‡	104.20
Brit. Virgin Isles (S)	U.S. $	2.3045
Brunei (S)	Brunei $	4.9560
Bulgaria	Lev	1.9170
Burma	Kyat	15.5095
Burundi	Burundi Franc	202.76
Cameroon Repub'c	C.F.A. Franc	469.50
Canada	Canadian $	2.6710
Canary Islands	Spanish Peseta	152.75
Cape Verde Isle	Cape V. Escudo	84.15
Cayman Islands (S)	Cay. Is. $	1.9205
Cent. Af. Repub.	C.F.A. Franc	469.50
Chad	C.F.A. Franc	469.50
Chile	C. Peso	(Bk) 89.89
China	Ranminbi Yuan	3.4480
Colombia	C. Peso	(F) 101.65
Comoro Islands	C.F.A. Franc	469.50
Congo (Brazaville)	C.F.A. Franc	469.50
Costa Rica	Colon	19.80
Cuba	Cuban Peso	1.5894
Cyprus (S)	Cyprus £	0.791
Czechoslovakia	Koruna	(com) 11.85
		n/c 23.58
		(T)17.25
Denmark	Danish Krone	12.535
Djibouti	Fr.	390.0 (sg)
Dominica (S)	E. Caribbean $	6.23
Dominican Repub	Dominican Peso	2.3045
Ecuador	Sucre	(O) 57.33
		(F) 63.44
Egypt	Egyptian £	(U) 1.62
Equatorial Guinea	Peseta	152.75
Ethiopia	Ethiopian Birr	(P) 4.7755
Falkland Islands (S	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.535
Fiji Islands	Fiji $	1.9315
Finland	Markka	8.515
France	French Franc	9.3825
FrenchC'tyin Af*	C.F.A. Franc	469.50
French Guiana	Local Franc	9.3825
French Pacific Is.	C.F.P. Franc	167.95
Gabon	C.F.A. Franc	469.50
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.01
Germany (West)	Deutsche Mark	4.01
Ghana (S)	Cedi	6.33
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	89.510*

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.535
Grenada (S)	E. Caribbean $	6.23
Guadaloupe	Local Franc	9.3825
Guam	U.S. $	2.3045
Guatemala	Quetzal	2.3045
Guinea Republic	Sily	43.15
Guinea Bissau	Peso	76.90
Guyana (S)	Guyanese $	5.8765
Haiti	Gourd	11.50
Honduras Repub.	Lempira	4.6300
Hong Kong (S)	H.K. $	11.15
Hungary	Forint	(com) 75.71
		(T)(nc) 45.05
Iceland (S)	I. Krona	915.0
India (S)	Ind. Rupee	18.18
Indonesia	Rupiah	1,440.95
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6784
Irish Republic (K)	Irish £	1.0840
Israel	Israel £	87.25
Italy	Lira	1,857.5
Ivory Coast	C.F.A. Franc	469.50
Jamaica (S)	Jamaica Dollar	558.5
Japan	Yen	549.0
Jordan (S)	Jordan Dinar	0.674(sg)
Kampuchea	Riel	2,765.4
Kenya (S)	Kenya Shilling	16.82
Kiribati	Australian $	2.0820
Korea (Nth)	Won	1.879(n)
Korea (Sth)	Won	1,335.45
Kuwait (Sth)	Kuwait Dina	0.627
Laos	Kip Pot Po	922.20
Lebanon	Lebanese £	7.5685
Lesotho	S. African Rand	1.88325
Liberia	Liberian $	2.3045
Libya	Libyan Dinar	0.6820
Liechtenstein	Swiss Franc	3.73
Luxembourg	Lux Franc	65.00
Macao	Pataca	12.25
Madeira	Portug'se Escudo	109.00
Malagasy Republic	MG Franc	469.50
Malawi (S)	Kwacha	1.84
Malaysia (S)	Ringgit	5.0010
Maldive Islands (S)	Mal Rupee	9.0605
Mali Republic	Mali Franc	938.25
Malta (S)	Maltese £	0.787
Martinique	Local Franc	9.3825
Mauritania	Ouguiya ‡	93.75
Mauritius (S)	M. Rupee	17.50
Mexico	Mexican Peso	52.58
Miquelon	C.F.A. Franc	469.50
Monaco	French Franc	9.3825
Mongolia	Tugrik	(o)5.2580(‖)
Monserrat	E. Caribbean $	6.23
Morocco	Dirham	8.57(sg)
Mozambique	Moz. Escudo	69.65
Nauru	Australian Dollar	2.0820
Nepal	Nepalese Rupee	27.65
Netherlands	Guilder	4.42
NetherlandAntilles	Antillian Guilder	4.1250
New Hebrides	Franc.	151.40
	Aust. Dollar	2.0820
New Zealand (S)	N. Z. Dollar	2.3370
Nicaragua	Cordoba	23.05
Niger Republic	C. F. A. Franc	469.50
Nigeria (S)	Naira	1.242380 (sg)
Norway	Norway Krone	11.21
Oman Sul'ate of (S)	Rial Omani	0.794
Pakistan	Pakistan Rupee	22.90
Panama	Balboa	2.3045
Papua N. Guinea (S)	Kina	1.5880
Paraguay	Guarani	287.66

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A)0.7875
Peru	Sol	exc(A)684.64
Philippines	Philippine Peso	16.80
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3370
Poland	Zloty	(Cm)66.00
		(T)68.00
Portugal	Portugu'se Escudo	109.00
Port Timor	Timor Escudo	109.00
Puerto Rico	U.S. $	2.3045
Qatar (S)	Qatar Ryal	8.47
Reunion Ile de la	French Franc	9.3825
Rhodesia	Rhodesian $	1.5450
Romania	Leu	(Cm)10.03
		(c/c)T25.93
Rwanda	Rwanda Franc	211.72
St. Christopher (S)	E. Caribbean $	6.23
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.23
St. Pierre	C.F.A Franc	469.50
St. Vincent (S)	E. Caribbean $	6.23
Salvador El	Colon	5.76
Samoa American	U.S. $	3.3045
San Marino	Italian Lire	1,857.5
Sao To'e & Principe	Dobra	72.88
Saudi Arabia	Ryal	7.74
Senegal	C.F.A. Franc	469.50
Seychelles	S. Rupee	13.30
Sierre Leone (S)	Leone	2.3863
Singapore (S)	Singapore $	4.9560
Solomon Islands (S)	Solomon Is. $	1.9700
Somali Republic	Somali Shilling	(A)13.90
South Africa (S)	Rand	1.88325
South West African Territories (S)	S. A. Rand	1.88325
Spain	Peseta	152.75
Spanish ports in North Africa	Peseta	152.75
Sri Lanka (S)	S. L. Rupee	35.47
Sudan Republic	Sudan £ Φ	n/a
Surinam	S. Guilder	4.1250
Swaziland (S)	Lilangeni	1.88325
Sweden	S. Krona	9.565
Switzerland	Swiss Franc	3.73
Syria	Syria £	(A)9.0520
Taiwan	New Taiwan	(P)82.95
Tanzania (S)	Tan. Shilling	18.75
Thailand	Baht	47.00
Togo Republic	C.F.A. Franc	469.50
Tonga Islands (S)	Pa'anga	2.0820
Trinidad (S)	Trinidad & Tob. $	5.5310
Tunisia	Tunisian Dinar	0.907 (SG)
Turkey	Turkish Lira	159.60
Turks & Caicos	U.S. $	2.3045
Tuvalu	Australian $	2.0820
Uganda (S)	Uganda Shilling	16.50
United States	U.S. Dollar	2.3045
Uruguay	Uruguay Peso	(cm)19.66
		(fn)19.86
Utd. Arab Emirates	U.A.E. Dirham	8.52
U.S.S.R.	Rouble	1.4490
Upper Volta	C.F.A. Franc	469.50
Vatican	Italian Lire	1,857.5
Venezuela	Bolivar	9.89
Vietnam	Dong	(O)5.0260
		(T)4.60(l)
Virgin Islands U.S.	U.S. Dollar	2.3045
Western Samoa (S)	Samoan Tala	3.1005
Yemen	Ryal	10.41(SG)
Yugoslavia	New Y Dinar	45.9940
Zaire Republic	Zaire	4.663439
Zambia	Kwacha	1.79

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 36.80. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and so are not members of IMF. (‖) Based on gross rates against Russian rouble. Φ Incentive rate. * Indication only.

● NEWS ANALYSIS—ATTEMPT TO CUT COST OF SPECTACLES

Opticians' prices and practices under fair trading scrutiny

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading's investigation into the supply of spectacles is the third attempt in five years by a Government agency to reduce prices for the nearly 7m people who each year need new glasses.

The two previous investigations by the Price Commission—in 1976 and 1978—both drew attention to the lack of price competition between opticians and the fact that their profit on private frames was sometimes 200-300 per cent above cost price.

But neither investigation led the authority to recommend drastic steps to improve competition. Now, however, the OFT has launched a three-month investigation of its own to see what action can be taken.

It is considering whether restrictive trade practices legislation could be invoked, or whether a full Monopolies and Mergers Commission inquiry should be undertaken.

The OFT will also have the option, once the new Competition Bill becomes law next month, to recommend a six-month study by the Monopolies Commission of one company under its new powers to investigate "anti-competitive" practices.

Sight test

The lack of price competition in the ophthalmic industry has developed from the way that spectacles are bought in the U.K. The first step is a sight test carried out by one of 5,700 sight-testing opticians, usually free under the National Health Service.

About 80 per cent (6.7m in 1977) of all NHS sight tests are followed by the issuing of a prescription for spectacles. When a patient is given a prescription he has three choices: he can obtain lenses and frame from the NHS; obtain both privately; or obtain NHS lenses and private frames.

Most people opt for NHS lenses. The percentage fluctuates quite widely and fell from a peak of 84 per cent in 1975 to 73 per cent in 1977.

No details of sales of private lenses are available, but the Price Commission's most recent report, published in January last year, estimates that at least 2m pairs were supplied in 1977, against 5.4m NHS pairs. More lenses are supplied than prescriptions since some people have two or more pairs of spectacles.

The Price Commission also estimated that more than 60 per cent of the new frames were bought privately, with the rest on the NHS.

A recent survey by the Mintel market research company found that almost 60 per cent of people in the UK possessed spectacles. Contact lenses, although becoming more popular, were worn by only about 3 per cent of the population.

Patients are free to choose lenses and frames from any opticians, but most buy them from the optician who issued the prescription. Customers have little opportunity to compare prices charged by different opticians.

This lack of comparison results from the restrictions imposed on opticians by the General Optical Council. Under the Opticians Act, 1958, it is unlawful for any person to test sight or dispense spectacles unless he is registered with the council or is a registered medical practitioner.

So the customer cannot buy a simple pair of reading glasses over the counter, as in the U.S. and Canada where the structure of the industry is very similar to that in the UK.

The council's rules on publicity place severe restrictions on advertising and displaying prices. Opticians, for example, may not display prices or charges in their shop windows or inside premises where they can be seen from outside.

Opticians are also forbidden from advertising retail prices in the media or circulating details of prices and charges to existing customers.

The council also discourages some aspects of competition on terms of payment, such as participation in "provident" or "mutual" club schemes. It permits payment by credit card, but opticians cannot be included in any directory of credit card services and there must be no display visible from outside the premises that credit cards are accepted.

Although such a regulation does not have the same legal force as the rules on publicity, the council could strike off any optician publicly flouting these rules.

The argument for these restrictions is that the relationship between a professional practitioner and his client is one of special trust, and cannot proceed on the normal commercial basis of each party seeking to further his own interest.

The client, it is argued, is in no position to judge his own requirements, so the practitioner should subordinate his own interests to that of his client.

Exemption

The Price Commission, however, points out that there is a distinction "between the professional service involved in eye-testing and prescribing, and the comercial service involved in supply goods to the prescription given."

The commission suggests that the rules against displaying prices, far from protecting consumers, "may bolster high-cost production methods and high retail margins in the supply of spectacles and their component parts."

In the U.S. advertising restraints have recently been abolished.

The traditional arguments in their support were examined by the Federal Trade Commission and found untenable, both on theoretical and commonsense grounds.

In the U.S. and West Germany—where advertising is also allowed—the Price Commission said it had found no evidence that professional standards had been adversely affected by the existence of retail advertising.

Retailing of spectacles in the UK is dominated by the small, independent opticians who account for over three-quarters of the trade. The largest multiple optician is the Dollond and Aitchison group which is owned by the Gallaher tobacco company. Dollond and Aitchison has 238 shops and Wigmore's 57.

The main UK manufacturer of lenses is UKO International. There are about 40 companies manufacturing frames for the UK market, although most of these are for NHS spectacles. Over half of frames sold privately are imported.

The OFT is to decide by the end of April whether to refer the advertising restrictions to the Restrictive Trade Practices Court or to refer the whole industry to the Monopolies Commission.

A referral to the court would create difficulties because the eye-testing activities of opticians are exempted from this legislation and it is unclear whether their retailing activities may also be exempt.

A Monopolies Commission investigation, however, has the advantage that the body has recently dealt with the opthalmic industry under its merger activities.

In 1977 the commission investigated a proposed merger between Pilkington Brothers and UKO International. It decided the merger was against the public interest and should not be allowed to take place.

Airbus keeps up the fight with Boeing

By MICHAEL DONNE, Aerospace Correspondent

AIRBUS INDUSTRIE, the European consortium (in which Britain has a 20 per cent stake) which builds the A-300 and A-310 Airbuses, has begun the new year strongly with orders for two aircraft and options on four more, bringing the total order book to 404 aircraft (of which 84 have been delivered). Further contracts are being negotiated in Europe and elsewhere.

The company, which last year gained orders and options for 221 aircraft world-wide, often in the face of its most serious rival, Boeing, continues to demonstrate that it is now the world's second biggest seller of wide-bodied jet airliners. It intends to hold onto that position through the early 1980s—second only to Boeing and ahead of both Lockheed's Tri-Star and the McDonnel Douglas DC-10 series of wide-bodied airliners.

For the coming year, however, Airbus Industrie recognises that its chances of repeating last year's record performance will depend upon international economic trends. In some regions, such as North America, it has done less well than in the developing countries of the Third World. But it is in negotiation with many as yet uncommitted airlines, and it believes that it can expand its existing customer base of 33 airlines substantially in the next year or so. The order book of 404 aircraft comprises 275 A-300s (194 firm and 81 on option), and 129 A-310s (63 firm and 66 on option).

World market

The world market for short-to-medium range, twin-engined, widebodied jet airliners, such as the 250-seat A-300 and the smaller 200-seat A-310, remains substantial. Airbus Industrie estimates that up to 1993, this market will amount to about 2,640 aircraft, including not only A-300s and A-310s but also their sole rival, the semi-wide-bodied Boeing 767.

On the basis of its existing customers alone, all of which are likely to place repeat orders, Airbus Industrie believes that it will be able to sell at least 918 aircraft (of which it has sold 404 already), while it estimates that Boeing, also on the basis of repeat orders from its existing customer base of 263 aircraft for eight airlines, can sell up to 650 aircraft.

This leaves an "open market," yet to be won, of about 1,070 aicraft, representing the battleground between Airbus Industrie and Boeing for the immediate future. The value of this market, on the basis of about $35m per aircraft plus spares, is estimated at around $50bn (over £20bn).

Airbus Industrie believes it has a good chance of getting a substantial share of the market. It argues that one of the main reasons for its success so far is that the A-300, in today's climate of soaring fuel costs, is cheap to run. Eastern Airlines of the U.S.—which with 25 A-300s on order and another nine on option, and a further 25 A310s also on option, is already one of the biggest Airbus operators—says that the Airbus has the most economical fuel consumption of any aircraft in its fleet of over 225 jet airliners of various kinds, including 30 Tri-Stars and 126 Boeing 727s.

Eastern's fleet

Eastern is already discussing the possibility of converting its option for nine A-300s into a firm order, and is expected soon to convert some of its A-310 options into firm orders for the bigger A-300 aircraft. Eventually, Eastern plans to be operating a fleet of more than 50 Airbuses of various kinds.

Airbus Industrie admits that, apart from Eastern, it has not had the hoped-for sales success in the U.S. Recently it lost only narrowly the Trans World Airlines order for 10 aircraft with 10 more on option, which went to the Boeing 767. Airbus Industrie attributes this defeat to American protectionism in aircraft procurement and to a very good financial offer made to TWA by Boeing at the last possible moment, but it is still discussing the possibility of sales with several U.S. airlines, including Continental and Flying Tiger, and hopes to pick up some orders in 1980, out of a potential long-term U.S. market for an additional 100 Airbuses.

As a result of expanding sales, and to cope with future demand, Airbus Industrie is now boosting its rate of production. The present output of three Airbuses a month will rise steadily to reach 10 a month by 1985. This will require substantial further investment in production facilities in all the group's member-companies. At least another £45m is being spent this year by the French partner, Aerospatiale on additional jigs, tools and materials.

In West Germany, Messerschmidtt-Boelkow-Blohm plans to invest another DM 400m (over £100m), up to 1984, to cope with the increased production rate while British Aerospace's total commitment on the A-300 and A-310 programmes will exceed £300m by 1984. This expanding production and investment will also result in a big growth in the labour force, from the present 17,000 to 45,000 by the mid-1980s. Much of this growth will be attributable to the new 200-seat A-310, production of which has now begun, with a first flight set for early 1982.

For the longer-term future, Airbus Industrie will expand its range of products, believing that its future as the world's main rival to Boeing lies in being able to offer a family of aircraft to meet emerging demand across the entire spectrum of ranges and payloads.

Airbus Industrie's studies now include three possible new types of aircraft, to complement the A-300 and A-310. One is a "stretched" A-300 seating up to 300 passengers, which would be a twin-aisle, twin-engined, wide-bodied aircraft, called the TA-9. It is described as "option number one" — the new air craft most likely to be undertaken first by Airbus Industrie, because several existing Airbus customers are asking for it. The TA-9 would cost several hundred million dollars to develop.

Heavy costs

The second possibility is a new short-to-medium range, twin-engined aircraft, called the SA (for single-aisle), which would be narrow-bodied, seating between 130 and 170 passengers. It could be developed in various sizes, according to the number of passengers to be carried, but the size most favoured seems to be around 150 seats.

This project was originally known as the "Joint European Transport" or JET venture, designed to replace existing ageing short-range twin-engined and three-engined airliners in the mid-1980s, such as Boeing 727s, 737s and Douglas DC-9s, and British Aerospace One-Elevens and Tridents. Here, too, development costs would be heavy, probably amounting to several hundred million dollars. To compensate for such an investment, the aircraft would have to be sure of winning substantial sales in world markets, and could expect to meet fierce competition from Boeing.

The third possible new programme would be a three or four-engined aircraft, seating about 200 passengers, but designed for very long ranges of over 6,000 miles. It would link cities world-wide where there is a growing demand for air services but where the numbers of passengers involved do not justify using the existing larger types of long-range airliner, such as Boeing 747s, Lockheed Tri-Star-500s or McDonnell Douglas DC-10s. It, too, would be an expensive new development, but because the potential market would be comparatively small, it is well down Airbus Industrie's list of choices for a new venture. Many people in the aircraft manufacturing industry do not believe it is likely to emerge for some years, if at all.

Airbus Industrie itself says that a decision on which of these three new ventures will come first, and when, depends entirely on world demand. At present, market pressures indicate that the "stretched" 300-seat Airbus will come first, followed by the smaller 150-seat aircraft. Airbus Industrie itself says that a decision is likely some time this year, and perhaps even before mid-summer. But it stresses that whatever new programme it launches, the first commitment by all members of the consortium must be to boost production of existing A-300s and A-310s, to keep up the fight with Boeing, to meet contractual commitments already made, and to encourage new customers for those aircraft.

Glyn Genin

Airbus Industrie's A300 final assembly line at Toulouse.

Rhodesia's prospects for mining

BY QUENTIN PEEL

RHODESIA'S current annual gold output of little more than 20 tonnes is only a fraction of South Africa's 700 tonnes, but because of market forces gold is once more Rhodesia's most valuable mineral, above asbestos. At last year's average price of more than $300 an ounce, it would have been worth more than $213m. Output since 1965 has also increased, with Lonrho now the biggest producer from nine mines, six of them opened since UDI.

The gold story is a good illustration of how Rhodesian minerals have been affected far more by market prices than by sanctions. Asbestos output from Turner and Newall's subsidiaries has been massively increased, in spite of sanctions, although this is still treated as top secret. "It will become pretty obvious there has been quite a lot of development in the asbestos field," says a senior Government mining official. Before the repeal of the Byrd Amendment—which excluded chrome from U.S. sanctions—Rhodesian ferro-chrome had no difficulty in finding markets, although chrome ore exports were cut back, partly because of the lack of transport capacity.

The Rhodesian Ministry of Mines is confident that it has produced a best-seller, thanks partly to the effects of the past seven years of guerrilla warfare. With field work drastically cut back because of guerrilla activity, the Government's surveyors have concentrated instead on catching up on their reports. The most significant result of this effort is a comprehensive survey of more than 1,000 gold mines and operations which have ever been worked in the country. Now with the gold price at more than $600 an ounce, the ministry expects its research to pay off.

Mineral prices

Gold production has been a major factor in the healthy performance of the mineral sector throughout the years of sanctions. The value of total mineral output in 1979 reached a new record of RH $315.5m (£206.9m). Because of the war, volume has stagnated and even declined since 1976, but the boom in mineral prices has more than compensated. "The gold contribution has been enormous, and has never really suffered from much sanctions trouble," according to Sir Keith Acutt, the deputy chairman of Anglo American, the South African mining giant.

In the same way, prospects for the Rhodesian mining industry are more likely to be affected by market prices in the future than by the political complexion of the Government formed after the election. Although the major mining houses are clearly nervous about the possibility of a radical socialist regime—Union Carbide's chief executive refuses to make any statement until after the election—they are equally committed to staying on. Indeed, several major houses are pressing ahead with expansion plans.

Transport

In the short term, the first to benefit from expanded production will be those worst affected by sanctions and with excess capacity: ferro-chrome and lithium oxides. Both were hit by loss of the U.S. market. The three chrome beneficiation plants—owned by Anglo American, Union Carbide and Rio Tinto (Rhodesia) — are all believed to have spare capacity, and Anglo's Rhodall plant is installing a new furnace to double high carbon ferrochrome production to 100,000 tonnes. Lithium oxide, produced by Selection Trust at Bikita, is used for high temperature insulation and in space craft, and should recapture the almost 90 per cent of the world market enjoyed before UDI.

In the long term, Rhodesian chrome ore is likely to find a ready world market because of its high quality, but production for export can only be increased if there is adequate transport capacity. That in turn depends on the reopening of the rail route through Maputo, and the efficient operation of the Mozambique port.

Expansion of coal and coke production is also firmly planned. Anglo American is to increase output at its Wankie colliery from 2.5m tonnes to between 3m and 4m tonnes, partly to supply the new Wankie power station, and partly for export. The Wankie coalfield, formerly restricted in its use, has now been brought under the Mines and Minerals Act, and "somebody has already come along for rights to mine," a senior official said. "They are looking at it very closely, and may move in six months."

Rio Tinto is building a pilot plant to exploit a platinum find at Selous, between Salisbury and Gatooma. The plant should be completed this year, and tests by the middle of next year, to decide on whether it is a paying proposition, according to Mr. W. V. Rickards, chairman of the subsidiary.

Nickel is the other mineral with the best prospects: Union Corporation has what are described as the "best reserves in the country" at Hunters Road, between Que Que and Gwelo. Some geologists believe that the Great Dyke, which crosses the country and contains Rhodesia's 450m tonnes reserves of chrome ore, could have, even larger reserves of nickel.

The outlook for copper, one of Rhodesia's traditional top six minerals which account for 90 per cent of output value—the others are gold, asbestos, chrome, coal and nickel—is more mixed. Lonrho's Shamrocke mine closed down because of the poor price, and even the care and maintenance team was withdrawn because of the guerrilla threat. Coronation Syndicate's Inyati mine also cut back production by one third.

Nevertheless, M.T.D. (Mangula) has announced its decision to go ahead with a 20,000-ton capacity refinery producing cathode copper, which will be ready for commissioning early next year.

Although mining houses already operating in Rhodesia are confident enough to remain and expand, further foreign investment is unlikely until the political horizon is clearer. Rhodesians argue that wholesale nationalisation of the industry is unlikely. "The mines are all medium-sized, which is a difficult type of operation to nationalise," says Mr. Alan Marsh, President of the Chamber of Mines. "Because of the size and complexity of the industry, it requires an expertise of its own."

Apart from the actual prospects for new mines, the greatest area of expansion is likely to be in beneficiation. Cheap power, plentiful coal, and high quality inputs like Rhodesian chrome and iron ore, and few of the stringent environmental controls that operate in Europe and the U.S., make Rhodesia an attractive site for big smelters. Rhodesia's steel and ferro-alloy producers are likely to compete well in world markets. Even if skilled labour remains a serious bottleneck, and a socialist government is in power, the Rhodesian mining industry is counting its blessings.

WORLD STOCK MARKETS

هكذا من الاصل

Early Wall St. reaction of 6.6

AFTER MODESTLY extending last Friday's advance, Wall Street receded in very heavy early trading yesterday as an over-extended market ran into new concern about interest rates.

The Dow Jones Industrial Average, up 10.25 on Friday, declined 6.57 to 889.16 at 1 pm. The NYSE All Common Index relinquished 41 cents to $67.16, while falls outpaced advances at mid-session by a three-to-two ratio. Turnover increased to 40.94m shares from last Friday's 1 pm figure of 37.68m.

Analysts noted that leadership in the market's climb so far this year had continued to narrow until it was concentrated in just the Oil issues, and "the rest of the market just could not make it," commented one analyst.

Also, renewed fears that the Federal Reserve might move to tighten credit further to slow the growth of bank reserves, despite record high rates in the Bond market, provided equity investors with an excuse to take profits.

The Oils were mixed, with profit-taking cutting into substantial gains scored recently by some issues. Volume leader **Dow Chemical**, which surged last Friday on speculation about a Wyoming gas find, lost 1¼ to $37⅜.

Among other partners in the possible find, **Indiana Standard** shed $1 to $108¼ and **Gulf Oil** $1 to $46⅞, but **Union Pacific** added ⅛ to $96⅞.

Active **Texaco** receded ⅞ to $39⅞. **Atlanic Richfield** 1⅞ to $101¼ and **El Paso** 1⅞ to $28⅞. **Southland Royalty** reported a near 70 per cent rise in fourth-quarter net profits and rose 1⅞ to $67⅞.

Silver and Copper issues gained ground. **Sunshire Mining**, which announced a dividend increase and stock split, rose 1¼ to $39⅞.

Handy and Harman moved ahead 2½ to $53½. **Asarco** ⅞ to $56⅞ and **Phelps Dodge** $1 to $47½.

Borg-Warner put on ⅜ to $40, but **Hughes Tool** fell 1⅞ to $62¼. Borg is selling a subsidiary to Hughes in return for 1.2m Hughes shares, raising Borg's stake in Hughes Tool to 20 per cent.

THE AMERICAN SE Market Value Index lost 1.32 to 287.47 at 1 pm. Volume 5.22m shares (5.56m).

Houston Oil lost 1⅞ to $30¼, **Imperial Oil "A,"** despite raising the dividend, ⅜ to $42⅞ and **Bow Valley** 1⅞ to $48¼, but **Triton Oil and Gas** gained 1⅛ to $23⅞.

Barnwell Industries rose $1 to $23⅞. It is buying two water and geothermal well drilling companies.

Closing prices for North America were not available for this edition.

Canada

Markets put on a further show of strength in active trading yesterday morning. The Toronto Composite Index rose 207.7 more to 2,121.8, an all-time high, at noon, while Golds advanced 64.3 to 3,476.0, Oil and Gas 50.6 to 4,506.6 and Metals and Minerals 52.3 to 2,310.8. In Montreal, Utilities gained 4.57 to 272.96 and Banks 0.17 to 334.01.

BP Canada moved ahead 3¼ to C$44½. **Coseka Resources** 1⅞ to C$26 and **Texaco Canada** 1½ to C$82.

Among Base Metals, **Inco**, C$36¼, and **Alcan Aluminium** C$70¼, each gained 1½.

Australia

Markets moved further ahead over a broad front in brisk trading, with continuing strong overseas demand sending many Resources issues sharply higher. However, some Gold shares were easier, reflecting market rumours that the U.S. hostages in Teheran might be released, which would ease Middle East tensions.

The Sydney All Ordinaries index climbed 16.75 to a record 915.39 and the Metals and Minerals sub-group index advanced 199.06 further to 6,342.97.

Reports that **BHP**, **CRA** and **BP Australia** have tendered to develop the Rundle oil shale leases pushed the two Rundle partners to new highs, **Central Pacific Petroleum**, A$52.00, and **Southern Pacific**, A$22.00, adding A$7.00 apiece. **CRA** rose 20 cents to A$6.70 and **BHP** 25 cents to A$13.70.

The Oils sector generally strengthened, **Bridge Oil** gaining 25 cents to A$2.85, **Crusader Oil** 25 cents to A$3.00 and **Santos** 20 cents to A$8.90.

Coal and Allied again featured a buoyant Coals group, forging ahead A$1.30 more to A$12.50, with the market expecting the parent company **Howard Smith**, 50 cents higher at A$9.80, to bid for the outstanding equity. **Utah** put on 15 cents to A$5.10 and **White Industries** picked up 80 cents to A$15.00. **CSR**, boosted by its coal, sugar and shale oil interests, jumped 38 cents more to A$6.84, with its Coal subsidiary **Thiess** rising 40 cents to A$9.40.

Among Metal Minings, **North Broken Hill** bounded ahead 50 cents to A$3.95 accompanied by vague take-over talk. **Hamersley** put on 20 cents to A$4.50 and **Bougainville Copper** 10 cents to A$4.35, but among Golds, **Central Norseman** receded 20 cents to A$7.50.

In Uraniums, **EZ Industries** improved 20 cents to A$6.00 ahead of interim results.

Bundaberg Sugar advanced 30 cents to A$9.30 on the surging price for the commodity.

Germany

After advancing afresh on further foreign buying in the wake of Wall Street's good performance last Friday, shares tended to recede late in the session to finish mixed on balance following active dealings.

Karstadt closed strongly, however, in Stores with a rise of DM 9, while among Engineerings **MAN** gained DM 3.50 and **KHD** DM 2.10, but **Deutsche Babcock** lost DM 4.80. **Preussag** rose DM 5.90, but **Mercedes**, in Motors, declined DM 3.50, while **Deutsche Bank** shed DM 2.

Public Authority Bonds further weakened, recording falls extending to 60 pfennigs. The Bundesbank intervened to take DM 57.9m nominal of stock, a very substantial amount, out of the market, after buying DM 14.1m last Friday.

Paris

Bourse prices were inclined to gain further ground in moderate activity.

Brokers said a forecast by French Prime Minister Raymond Barre that there would not be a recession in 1980 had boosted investor confidence, while another good performance on Wall Street last Friday also helped sentiment.

Oils led the market higher, while strong demand was also reported for the two Mining issues listed on the Bourse—**Kali and Talos de Luzenac**. Portfolios, Foods, Hotels, Stores and Chemicals were favoured, but Mechanicals, Motors and Metals were lower for choice.

Elf-Aquitaine in Oils, gained FFr 68 to FFr 1,540 after reporting higher 1970 portfolio revenues and other income.

Tokyo

The market was closed yesterday for National Founding Day. After an active half-day session on Saturday, the Nikkei-Dow Jones Average was 11.58 higher at a record 6827.61 and the Tokyo SE index 0.85 firmer at a 1979-80 peak of 471.91.

Johannesburg

Gold shares were firmer across the board in active trading, responding to higher Bullion prices.

Sallies rose 150 cents to R11.25 and **Durban Deep** 100 cents to R30.00.

Mining Fnancials closed mixed after early gains were eroded by profit-taking. **Gold Fields** relinquished 100 cents to R77.00 after recent strength.

Industrials tended to improve on institutional interest. Boosted by the upsurge in the sugar price, **C. G. Smith Sugar** advanced R1.50 to R13.50 and **Huletts** R2.00 to R9.00.

CANADA

Stock	Feb. 8	Feb. 7
Abitibi	23⅛	23
Agnico Eagle	14½	14¼
Alcan Alumn.	69	68¾
Algoma Steel	37	37¾

BELGIUM (continued)

Feb 11	Price Frs.	+ or —
Petrofina	6,250	+140
Royale Belge	5,750	+50
Soc Gen Banq	2,750	—5
Soc Gen Belge	1,695	—5
Sofina	3,490	+50
Solvay	2,455	+26

HOLLAND

Feb. 11	Price Fls.	+ or —
ACF Holding	77	+1
Ahold	80.8	......
AKZO	26	+0.2
ABN	500	+1
AMEV	98.1	—1

AUSTRALIA

Feb. 11	Price Aust. $	+ or —
ANZ Group	4.85	......
Acrow Aust	1.00	......
Allstate Expl.	2.55	+0.30
Ampol Pet.	1.39	+0.06
Ast Pulp Pap.	2.60	+0.05
Audimco	0.28	......
Aust Cons Ind.	2.30	+0.01

JAPAN (continued)

Feb. 9	Price Yen	+ or —
Makita	1,140	......
Marubeni	390	—1
Marudai	644	+8
Marui	747	—2
Matsushita	728	—1
M'ta Elec Works	552	......
M'bishi Bank	420	......

Copper spurs general market rise

METALS

COPPER led a general rise in metal prices yesterday as a new wave of speculative buying hit the markets. In early trading cash wirebars rose as high as £1,375 before easing on profit-taking later to close £42.5 higher at £1,351 a tonne. Three months wirebars closed at an all-time pleak of £1,355.5, up £49.

There were rumours of Zaire being threatened by a build-up of troops on its Angolan border. But the main buying interest came from speculators following the rise in New York and the increase in gold and silver.

Also encouraging buying interest was confirmation that copper stocks in the LME warehouses had fallen again by 1,950 to 114,450 tonnes, emphasising the tightness of supplies available to the market. In the U.S. producers marked up their domestic selling prices again with Asarco raising its quotation by seven cents to $1.45 a lb.

Asarco also put up its U.S. domestic zinc price by 2 cents to 39.50 cents a lb reflecting the new-found strength in the market. On the London Metal Exchange cash zinc closed £16.5 higher at £384.5 a tonne. It remained firm throughout the day, unlike other metals which were hit by profit-taking sales in the afternoon. Zinc stocks, however, rose by 750 to 47,000 tonnes.

Cash lead, for example, reached £543 at the end of the morning session before falling back to £523 a tonne at the close, still £7.5 up on the day. The market was boosted by an announcement from Britannia Lead that it was declaring *force majeure* on its delliveries of refined lead and lead alloys because a strike had halted production at its Northfleet refineries. A fall of 2,850 tonnes reduced warehouse stocks of lead to only 12,225 tonnes—the lowest total for many years.

Aluminium and nickel were both sharply higher in early trading, but came back in the afternoon in line with copper and silver. The London bullion spot quotation for silver was raised by 144.25p to 1,743.9p an ounce at the morning fixing. But at the afternoon close it fesl back to 1,716p.

LME silver holdings rose by 110,000 to 13,420,000 ounces. Aluminium stocks were up by 1,525 to 30,550 tonnes and zinc by 90 to 6,420 tonnes.

Tin stocks also rose by 220 to 3,510 tonne sand cash tin ended the day marginally lower at £7,365 after trading at £7,410 a tonne earlier.

Richard Cowper in Jakarta writes: Indonesia—one of the world's leading producers of tin—launched a bitter attack here on the role of the buffer stock manager under the current International Tin Agreement.

"The buffer stock manager is a bull without horns under the present system—since 1977 he has been a man with an office, but no job, worse than useless," according to Mr. Sirman Widiatmo, marketing and finance director of Indonesia's state tin corporation. He will be a delegate to the tin producers' ministerial meeting scheduled to be held in Chiegnmai, northern Thailand, later this week.

SUGAR

SUGAR PRICES surged to new five-year highs in London yesterday as speculators continued to pour money into the market.

The March position ended the day £25.925 higher at £277.5 a tonne after reaching £305 at one time.

The upsurge, which started on Friday when it was reported that the Cuban crop would be 1m tonnes down, was fuelled yesterday by rumours that the Philippines is oversold and is likely to default on shipments.

Dealers said the rise was exaggerated by pent-up buying demand from the New York market where a daily 1 cent a pound limit operates. The rise in London was equivalent to nearly 3 cents a pound.

Last Friday's advance lifted the 15-day average price to 20.40 cents a pound which, if maintained, will trigger a second segment of 835,000 tonnes of sugar to be released from International Sugar Organisation stocks on February 19. It is already virtually certain that an initial release of this amount will be approved by the International Sugar Organisation executive Board today.

RUBBER

RUBBER prices reached a new high when the spot price opened limit up in London at 94.90 pence per kilo.

London rubber futures traded for the first time at over £1 per kilo in both the July/September 1981 and October/December 1981 positions, with July/September 3.25p up at 100.90 and October/December 3.40p up at 101.95 over Friday's close.

Dealers said the rise was mainly influenced by the very high levels in the Far East and a fresh wave of speculative and chartist buying triggered by support for other soft commodities and metals.

COFFEE

NEWS THAT Brazil had cut its minimum export price for coffee pushed prices down on the London futures market yesterday. The May position slipped to £1,485 a tonne before ending £21.5 down on the day at £1,492 a tonne.

This fall might appear extremely modest when compared with the 35 cent a lb reduction in the Brazilian minimum to $1.70—equivalent to a cut of £335 a tonne—but dealers pointed out that the Brazilian price is still well above the world market level.

One said even after the cut the most competitive price he had been quoted for Brazilian coffee was $195 for 50 kilos compared with $175 for Colombian coffee of comparable quality.

Brazil has also cut the contribution quota (export tax) on coffee to $101 from $147 per 50 kilos but while the minimum price remains above the market this will remain entirely academic.

Dealers believe the Brazilian move is intended to pave the way for the negotiation of "special deals" incorporating substantial discounts with large coffee users. But since the discounts will be in the form of vouchers entitling holders to further coffee supplies—and not in money—buyers would not be likely to accept high discounts on high prices. The cut in the minimum reduces the gap to be bridged by the discounts.

Once the deals are agreed, the coffee will be exported through private traders who will benefit from the reduced export tax.

Brazil's policy of maintaining high prices for its coffee has prevented it from making any sales in the past two months. "With six weeks of the year gone already the Brazilians will have to get a move on if they want to meet their export target of 15m bags (60 kilos each) this year," one London dealer commented.

Last year Brazil exported only 12m bags.

UK timber imports 'too high'

By Our Commodities Staff

THE UK is importing an unnecessarily large amount of timber, the Timber Growers' Organisation said yesterday.

Figures released by the Organisation show that £2,754m was spent on importing timber and timber products last year compared with £2,370m in 1978. The figures, obtained from Department of Trade statistics, show that average prices went up and, except for pulp, so did the quantities.

Mr. Michael Harley, the TGO president, commented: "The Government should take into account the increasing demand for timber and timber products in its current review of forestry.

"The introduction of a firm, long-term forestry policy could ensure that this quite unnecessarily high import is reduced substantially."

He said the Forestry Commission had forecast that timber imports would continue to rise and increase in price unless steps are taken to improve home grown production. And he expected the Centre of Agricultural Strategy's report on forestry, which is to be published next week, to come to the same conclusion.

Bid to boost turkey sales

By Our Commodities Staff

BERNARD MATTHEWS, the Norfolk turkey producer, hopes to double the amount of turkey meat consumed in the UK with the help of a £500,000 advertising campaign over the next three months.

The campaign is for Matthews turkey roasts, a pre-packed all-meat product available with either white (breast) meat or red (leg) meat. About 70 per cent of the money will go on TV commercials and the rest on women's and food magazine advertising.

The product has been on the market for over four years but only at selected outlets. Production has been stepped-up to meet anticipated demand generated by the national advertising campaign.

Turkey roasts are available in two sizes: 1¼ lbs for the supermarket trade and 5 lbs (mainly from cash-and-carry stores) for catering.

DANISH DAIRYING

A problem of too little butter

BY HILARY BARNES IN COPENHAGEN

WHILE the EEC is trying hard to curb the production of milk in order to reduce the butter mountain, the Danish dairy industry finds itself in a situation in which demand is outstripping supply; it could sell considerably more if only the farmers would deliver enough milk.

Deliveries of butter to the British market have been especially badly hit. Deliveries have fallen short of demand for the past six months and over the final six weeks of 1979 they came to only 3,600 tonnes compared with 8,700 tonnes in the same period in 1978.

The short-fall in supplies of Danish butter has, the Danes claim, enabled the British Longboat "imitation" of Danish Lurpack, to gain a secure niche in northern England. German butter is also becoming a serious competitor for custom which the Danes would once have considered theirs almost by right.

The odd-man-out position in which the Danish dairying industry finds itself has arisen for several reasons, of which one is the success of EEC policies in cutting the Danish dairy herd. Some 85,000 cows have gone for slaughter since the CAP scheme to pay farmers to slaughter dairy cattle was introduced in 1977. This is about 8 per cent of the 1.1m milk herd. In 1978 milk production stabilised and in 1979 it fell by about 2 per cent to about 5bn kilos. From 1972 to 1978 milk production rose by about 10 per cent when farmers felt encouraged by Denmark's EEC membership to invest in dairying.

Domestic factors have also helped discourage farmers in the past year. Danish costs are generally high and interest rates, at 17-18 per cent on mortgage loans, have generally been as much as double the rates in other member countries, although the gap is not so big at the moment. Last year costs rose faster than income, and farmers suffered a decline in both nominal and real incomes, a trend which will be maintained in 1980.

This would have discouraged farmers anyway, but when in December, the Government decided to impose a special land tax on agriculture to cream off the supposed gains to the farmers from the November 30 5 per cent devaluation of the krone (the Government argued that as it was urging the unions to show wage restraint the farmers must make sacrifices as well) the farmers concluded they were up against a hostile Government as well as a cyclical depression in their earnings.

Farmers' leaders have called on farmers to institute an "investment strike" in order to bring pressure on the Government to take a friendlier attitude to what is still the country's largest single export sector.

The squeeze on the supply side has not corresponded with trends on the demand side, however, either in the domestic market or in export markets.

At home the dairy industry has managed to boost demand for its products by 2 or 3 per cent a year over recent years, mainly by widening the variety of products supplied. "If there was a similar trend in other countries there would be no EEC butter mountain," said Laurits Ravn, of the Dairy Office in Aarhus, Jutland.

Export demand has also risen. Cheese exports have risen from about 70,000 tonnes in 1971 to about 140,000 tonnes last year, butter exports from 77,000 tonnes in 1971 to over 85,000 tonnes in 1979, and canned and powdered milk from 79,000 tonnes to about 119,000 tonnes.

The search for new export markets was prompted by a decline in sales of butter to the UK market from over 100,000 tonnes as recently as 1974 to only about 45,000 tonnes last year. Substantial sales are now made to the Middle East (Kuwait, Saudi Arabia, Lebanon and the Persian Gulf states), which took delivery of about 12,000 tonnes of Danish butter last year.

The decline in butter sales to the UK, however, also led to a switch from butter to cheese production. There has been a considerable increase in cheese exports to the UK, West Germany and Italy. Japan is also an important new buyer, but the biggest success of all was the development of Iran as a market for Danish cheese.

Iran is now the second largest market for Danish cheese after West Germany (with the UK in third place), taking delivery of 27,000 tonnes in 1979, compared with 34,000 tonnes to Germany and 20,000 tonnes to the UK.

The Danes took a look at the Iranian market in 1974. They first solved the problem of producing from cows milk an exact imitation of the pure white, sheep's milk cheese which is the Iranian's traditional choice in cheese. They then solved the transport and distribution problem by trucking every tonne from Denmark to Iran, where it is dropped off at wholesale depots without having to run the risks of harbour delays or local transport delays.

The price to the producer for butter was recently raised by Kr. 1.25 a kilo to Kr. 21.25 to try to stimulate butter production at the cost of cheese, but the industry faces fundamental problems before it can hope to receive more milk from the farmers.

The basic milk price is fixed by the EEC, and the EEC does not want to stimulate production. The EEC may not be all that impressed by Denmark's export successes. After all export restitution payments to the Danes for dairy products alone are running at about Kr. 1.7bn a year for total exports of dairy products (to the EEC and other countries) worth about Kr. 3.9bn, without EEC Farm Fund support.

What with the EEC's budgetary problems, excess milk production for the area as a whole, and the home-grown causes of farmers' discontent, the future looks unsettled for the dairying industry in spite of its marketing successes at home and abroad.

Secrecy over Soviet soya talks with Brazil

BY DIANA SMITH IN BRASILIA

TALKS HAVE been held between Brazilian and Soviet government officials on Brazil's 1980 soya production. The discussions took place between the Brazilian state-run trading company, Interbras, and the foreign ministry's East European Trade Department, and Mr. Aleksandr Naoumov, vice-director of the official Soviet trading body.

Mr. Naoumov, spent five days in Rio de Janeiro and Brasilia a few days after the departure of General Andrew Jackson Goodpaster, special envoy of President Carter.

General Goodpaster had expressed his government's hope that Brazil would make no "special efforts" to fill gaps left by the partial U.S. grain embargo, and received assurances to this effect.

There was a rider, however: Brazilian government officials stressed that trade with the USSR would remian "normal" and that market forces would dictate its levels. Brazil's trade account is under heavy deflationary pressure and, clearly, the government hopes to keep all channels open.

What this means, according to private statements to the Financial Times by government officials, is that if Brazil's traditional western clients for soya to whom the bulk of this year's output is already committed become glutted with U.S. surpluses, or if prices drop sharply, Brazil will have few compunctions in accepting Soviet requests for increased soya supplies.

For the moment, however, the position is that of wait and see. Indeed, efforts to keep Mr. Naoumov's visit in the most minor key possible, by Brazilian and Soviet embassy officials were so intense that they

Firstly the Soviet embassy in Brasilia was unable to say whether or not Mr. Naoumov was in the country. Once it admitted he was, the embassy insisted he was seeing only Rio de Janeiro private suppliers or indulging in "tourism." In Brasilia the embassy told the Financial Times that admittedly he had seen Interbras, the state-run Brazilian trading company, "but only for routine talks."

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground on the London Metal Exchange but prices fell away from their highest level. Prompted by rumours of further instability in central Africa, forward metal rose on investment and speculative buying from £1,340 to £1,375. Comex went limit-up but then began to come off. This started profit-taking in London which took the price down to £1,355. But on the late Kerb there was greater steadiness and the close was £1,363 after an active day's trading. Turnover: 30,700 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1374-5	+78	1350-2	+42.5
3 months	1373-5	+78.5	1355-6	+49
Settlem't	1375	+78	—	......
Cathodes				
Cash	1315-7	+79	1288-9	+38.5
3 months	1341-2	+78	1318-9	+42
Settlem't	1317	+79	—	......
U.S. Prod	—	......	*130-3	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,374, 75, three months £1,355, 56, 58, 60, 59, 70, 62, 63, 64, 65, 66, 67, 68, 69, 70, 69, 72, 71, 72, 73, 72, 71, 70, 68, 67, 68, 70, 73, 74, 75. Cathodes, three months £1,342, 41, 42. Kerb: Wirebars, three months £1,371, 70, 69, 68, 66, 65, 64, 65, 66, 67, 68, 69. Afternoon: Wirebars, cash £1,353, three months £1,363, 60, 58, 55, 60, 61, 62, 65, 67, 68, 67, 66, 65, 62, 60, 58, 56, 58, 57, 56, 55. Cathodes, cash £1,288, three months £1,317, 18. Kerb: Wirebars, three months £1,360, 59, 58, 57, 58, 59, 60, 61, 62, 63.

TIN—Little changed in a subdued market which saw forward metal fall from £7,450 to £7,430 on hedge selling, recover on commission-house buying and trading against U.S. physical business to £7,460 and then meet more selling pressure before closing on the Kerb at £7,430. Turnover: 730 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7400-10	+42.5	7360-75	−12.5
3 months	7450-65	+35	7420-35	+7.5
Settlem't	7410	+45	—	......
Standard				
Cash	7400-10	+42.5	7360-75	−12.5
3 months	7450-5	+30	7420-5	+2.5
Settlem't	7410	+45	—	......
Straits E.	$2194	......		......
NewYork	—	......		......

Morning: Standard, cash £7,390, three months £7,450, 40, 30, 50. Kerb: Standard, three months £7,450, 60, 50, 60. Afternoon: Standard, three months £7,460, 50, 40, 30, 25, 20. Kerb: Standard, three months £7,420, 25, 30.

LEAD—Higher after following the same trading pattern as copper. The forward price rose from £502 to a high of £519 on speculative buying and then fell away on profit-taking to £5[illegible] before steadying and closing on the Kerb at £504.5. Turnover: 12,4[illegible] tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	542-3	+28.5	522-4	+7.5
3 months	518-9	+25	503-5	+10.5
S'ment	543	+28	—	......
U.S. Spot	—	......	*50	......

Morning: cash £544, 42, 41, 42, 43, three months £514, 15, 17, 18, 19, 20, 19, 18. Kerb: three months £518, 17, 16, 17. Afternoon: cash £522, three months £514, 13, 11, 10, 08, 5, 6, 5, 3, 4, 3, 5, 6, 5, 4. Kerb: three months £504, 5, 4, 2, 3, 4, 4.5.

ZINC—Firmer following the tone set by copper but avoiding a sharp reaction reflecting the lower level of speculative interest in the market. The forward price climbed from £380 to touch £[illegible] in the afternoon rings before closing on the Kerb at £395.5. Turnover: 5,9[illegible] tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	383-4	+29.5	385.5-5.6	+16.5
3 months	393-4	+18	396-7	+17
S'ment	384	+28	—	......
Primw'ts	—	......	*37.5	......

Morning: cash £384, three months £393, 94, 93.5, 93, 92, 94. Kerb: three months £392, 93, 92, 93, 94, 95. Afternoon: three months £393, 92, 93, 94, [illegible], 92, 93, 94, 94.5, 95, 96. Kerb: three months £395, 94.5, 95, 96.

ALUMINIUM—Higher in a market mainly influenced by the movements of copper. Forward metal started at £944 climbed to £955 and then followed copper down again to £950. But the price steadied to close on the Kerb at £955. Turnover: 11,925 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	964-7	+56.5	952-4	+12
3 months	964-6	+37.5	956-6	+14

Morning: three months £954, 55, 56, 57, 58, 60, 61, 62, 63, 64, 65. Kerb: three months £965, 64, 63, 62, £961. Afternoon: three months £960, 58, 57, 56, 55, 54, 52, 50, 53, 55, 56, 55. Kerb: three months £952, 53, 52, 50, 53, 55.

NICKEL—Gained ground with forward metal starting at £3,220 and then climbing to £3,235 before settling down between £3,215 and £3,225. But the weaker copper market caused a fall to a low for the day of £3,180 and a close on the Kerb of £3,185. Turnover: 576 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3090-100	+60	3070-90	+25
3 months	3210-5	+60	3185-90	+15

Morning: three months £3,210, 20, 25, 30, 35, 30, 25, 20, 30, 20, 15. Kerb: three months £3,220, 25, 30. Afternoon: three months £3,210, 15, 10, 05, 3,200, 3,190, 80, 90, 85. Kerb: three months £3,190, 85, £3,180, 90.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 466-471 (+3)

SILVER

Silver was fixed £1 445 an ounce higher for spot delivery in the London bullion market yesterday at £17.439. U.S. cent equivalents of the fixing levels were: spot $40.250, up $3.45; three-month $40.47, up $3.47; six-month $40.525, up $3.352; and 12-month $40.302, up $2.758. The metal opened at £17.45-£17.90 ($40¼-$41¼) and closed at £17-£17.45 ($39¼-$40¼).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	1743.9p	+144	1716.0p	+41
3 months	1777.4p	+145	1752.5p	+40.5
6 months	1777.4p	+145	—	......
12months	1778.3p	+116	—	......

LME—Turnover 132 (282) lots of 10,000 ozs. Morning: cash 1780, three months 1790, 85, 80, 1800, 10, 1800, 1790, 95. Kerb: three months 1790. Afternoon: three months 1760, 50, 64.9, 60, 50, 55. Kerb: three months 1756, 60.

COCOA

Futures traded quietly throughout the morning but during the afternoon session renewed commission house buying caused levels to steady and close at the highs of the day. Apart from sporadic inquiry for cocoa products the physicals market today was devoid of interest, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1476-77	+3.0	1478-60
May	1477-78	+13.0	1480-57
July	1477-80	+14.0	1480-59
Sep.	1490-93	+9.0	1491-75
Dec.	1520-25	+13.0	1521-05
March	1540-55	+7.5	1542-40
May	1560-75	+10.0	—

Sales: 1,503 (1,705) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Feb. 8 148.65 (148.00); Indicator price Feb. 11: 15-day average 146.16 (145.91). 22-day average 145.56 (145.39).

COFFEE

Overnight news that Brazil had reduced minimum export registration prices prompted a lower opening in Robustas but the market was still fairly well supported, reports Drexel Burnham Lambert. In the afternoon values traded in a narrow range in a quiet session but strength in the New York market inspired a steady close although prices still settled with losses of up to £21.5 on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1467-69	—16.5	1476-50
May	1491-93	—21.5	1500-1485
July	1521-22	—16.0	1527-11
Sept.	1547-49	—13.0	1554-38
Nov.	1545-47	—14.5	1552-40
January	1535-50	—7.5	1544
March	1520-60	—9.75	—

Sales: 6,864 (3,680) lots of 5 tonnes.

ICS Indicator prices for Feb. 8 (cents per pound). Other Mild Arabicas 162.00 (161.33). Robustas ICA 1976 160.00 (same). ICA 1968 160.25 (same). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 181.42 (181.22).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged to 10p lower. A reasonable good volume was traded on the March/May barley spread but values closed weak 30p-35p down on wheat and 25p-45p down on barley. New crops saw good buying interest in barley and values closed 10p-20p up on the day with wheat being more neglected to close 10p-15p lower, reports Acli.

	WHEAT		BARLEY	
Mnth	Yest'rdays close	+ or —	Yest'rday close	+ or —
Mar.	98.75	−0.35	96.25	−0.40
May	103.20	−0.30	100.50	−0.35
Sept.	96.75	−0.15	95.95	+0.05
Nov.	100.35	−0.05	97.70	+0.30
Jan.	105.85	−0.10	101.05	+0.10

Business done—Wheat: March 99.20-98.75, May 103.60-103.10, Sept. 96.85-96.80, Nov. 100.30-100.30, Jan. 103.80-103.80. Sales: 137 lots of 100 tonnes. Barley: March 96.70-96.25, May 100.95-100.50, Sept. 94.00-93.80, Nov. 97.70-97.50, Jan. 101.50-101.00. Sales: 197 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2 14 per cent. Feb. 98.50, March 100.00 transhipment East Coast. U.S. Hard Winter 13½ per cent. Feb 96.25, March 97.25 transhipment East Coast. Maize: U.S./French Feb. 117.50, March 118.50 transhipment East Coast. Barley: English Feed fob Feb. 101.00, March 102.00, April 104.00, April-June 105.00 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 95.40, E. Midlands 94.90, N. East 95.50, Scotland 94.60. Other milling wheat: Scotland 103.00.

The UK Monetary Coefficient for the week beginning Monday, February 18 (based on HGCA calculations using four days' exchange rates) is expected to decrease to 1.038.

TEA AUCTION

LONDON TEA AUCTION—50,163 packages were offered at yesterday's auction. Assam CTC's were dearer except poor leaf sorts. Africans were well competed for and generally dearer. Ceylon's sold readily with bright lines gaining several pence. Price indications for the week: Quality 137p per kilo (140p): Medium 114p (112p): Plain 63p (62p).

RUBBER

The London physical market opened steady, with good speculative demand throughout the day, and closed on a firm note. Lewis and Peat reported a Malaysian godown price of 380 (327) cents a kg (buyer, March).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Mar.	87.50-88.50	84.50-85.00	88.20-87.00
Apr.	90.50-92.00	85.80-87.00	91.90
Apr.-Jne	92.25-92.50	87.80-88.00	92.20-87.90
Jly.-Sept	95.45-95.50	90.85-90.90	95.80-90.90
Oct.-Dec	98.30-98.45	92.90-93.00	98.50-95.30
Jan-Mar	100.0-100.5	94.80-94.90	100.00-96.10
Apr-Jne	101.5-102.4	96.55-96.40	99.20
Jly.-Sept	103.0-103.4	98.00-98.10	102.25-100.9
Oct-Dec	104.0-104.4	99.40-99.50	104.40-101.8

Sales: 1,370 (997) at 15 tonnes, 57 (4) at 5 tonnes.

Physical closing prices (buyer) were: Spot 87.00p (83.50p): March 84.75p (82.50p): April 87.00p (84.00p).

SOYABEAN MEAL

The London market opened 50p easier on light trade selling, reports T. G. Roddick. The market drifted lower on featureless trading to close 70p easier on day.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	117.50-20.0	+0.25	117.50-17.40
April	114.60-14.9	−0.85	115.00-14.50
June	114.70-14.9	−0.65	115.10-14.70
August	118.50-18.8	−0.60	118.50
October	116.20-16.5	−0.35	116.30-16.20
December	118.30-18.6	−0.05	118.40-18.20
February	121.20-21.5	−0.15	—

Sales: 56 (26) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £260.00 (£225.00) a tonne cif for Feb.-March shipment. White sugar daily price was £260.00 (£230.00).

Active trade short covering at the opening forced prices to the permissable limit advance and these prices were held until the reopening after lunch when fresh limits were attained. The afternoon traded levels were the highest recorded for five years but were short lived and by the close prices had declined by as much as £22 in the near positions, reports

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	277.00-78.00	250.75-52.50	298.50-60.00
May	285.75-86.00	258.50-59.75	305.00-58.75
Aug.	287.00-88.00	265.10-65.25	297.25-63.00
Oct.	287.00-87.50	265.00-65.50	293.00-63.25

Sales: 12,300 (18,653) lots of 50 tons.

NUMBER 4 CONTRACT—Close (in order buyer, seller only): May 286.50, 288.00; August 290.00, 291.00; Oct. 290.00, 291.00; Jan. 272.50, 282.50; March 286.00, 288.00; May 283.00, 287.00. Sales: 1,368 (1,497).

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): April unquoted, nil, 1; July 260.00, nil, nil; Sept 260.00, nil, nil; Nov. 275.00, nil, nil; Feb. 280.00, nil, nil, April 285.00, nil, nil; July 285.00, nil, nil. All buyers quotations. Sales: 1.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £360.00 (£308.5) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for February 8: Daily price 21.84 (21.02). 15-day average 20.04 (19.78).

WOOL FUTURES

BRADFORD WOOL—Prices were mostly little changed, though slightly lower for New Zealand descriptions. Demand was reported to be slightly better. Reuter

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 413, 415, 416-414, 3; Aug. 424, 426, 425-424, 4; Oct. 424, 425, 427-424, 7; Dec. 425, 426, 425, 3; Jan. 427, 429, 428, 1; March 429, 433, nil, nil; May 432, 433, nil, nil; Aug. 433, 435, nil, nil. Sales 18.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. March 489.0, 489.0, 492.0-484.0, 24; May 512.0, 513.0, 512.8-510.0, 259; July 537.0, 537.5, 538.5-535.0, 425; Oct. 536.0, 537.0, 537.0-533.0, 155; Dec. 536.0, 537.0, 538.0-535.0, 173; March 537.0, 539.0, 539.0-535.0, 42; May 536.0, 538.0, 537.0-535.0, 34; July 536.0, 540.0, 540.0-536.0, 6. Sales 1,118.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 11 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£760/70
Free Mkt (cs)	$2190/2200	......	$1950/95
Copper			
Cash w'bar	£1,351	+42.5	£1,036
3 mths	£1,355.5	+49	£1,069.25
Cash Cathode	£1,289	+38.5	£1,008
3 mths	£1,318.5	+42	£1,043.5
Gold troy oz	$712.5	+15	$656.5
Lead cash	£523	+7.5	£439.5
3 mths	£504	+10.5	£437.5
Nickel	£3,195.78	......	£3,195.78
Freemkt(cif (lb)	505/530c	......	280/310c
Platin'mtr'y oz	£189.0	......	£189
Free mkt	£398.95	+6.8	£347.80
Quicksil'ver	$395/405	......	$390/400
Silver troy oz	1743.90p	+144	1756.1p
3 months	1777.40p	+145.6	1782.1p
Tin Cash	£7,367.5	—12.5	£7,510
3 mths	£7,422.5	+2.5	£7,235
Tungsten22.04lb	$158.72	......	$138
Wolfrm 22.04 lb	$159/144	......	$140/145
Zinc cash	£384.5	+16.5	£330
3 months	£396.5	+17	£344.5
Producers	$780/825	......	$780
Oils			
Coconut (Phil)	$880r	......	$890
Groundnut	‡	......	‡
Linseed Crude	£431	......	‡
Palm Malayan	$680x	......	$660
Seeds			
Copra Philip	$575	......	$580
Soyabean(U.S.)	$300x	—1	$285
Grains			
Barley Futures	£100.50	—0.55	£95.25
Maize			
French No3AM	£117.50	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No3HardWint.	£96.25	......	£95
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship.t	£1,527	+2	£1,519
Future May.	£1,477.5	+13	£1,458
CoffeeF't'rMay	£1,492	−21.5	£1,585.5
Cotton A.Index	97.80c	−0.10	85.05c
Rubber (kilo)	87p	+3.5	72.75p
Sugar (Raw)	£260	+35	£178
Woolt'ps 64s kl	292p kilo	......	279p kilo

r March. s Feb. v Feb.-March. x March-April. u April. w May. z Indicator. § Buyer. * Nominal.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 64.0 to 68.0. Eire hindquarters 69.0 to 72.0, forequarters 49.0 to 51.0. Veal: English fats 74.0 to 83.0. Dutch hinds and ends 98.0 to 108.0. Lamb: English small 50.0 to 60.0, *English small 53.0, medium 50.0 to 58.0, heavy 40.0 to 54.0. Scotch medium 40.0 to 56.0, heavy 40.0 to 54.0. Imported frozen—N.Z. PL new season 52.0 to 53.0; PM 50.0 to 51.0. Pork: English, under 100 lbs 44.0 to 49.0, 100-120 lbs 39.0 to 48.0, 120-160 lbs 36.0 to 46.0. * Special quotation—very high-quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices at representative markets on February 11. GB—Cattle 80.71p per kglw (+0.21). UK—Sheep 142.0p per kgestdcw (+4.1). GB—Pigs 65.9p per kglw (+0.5).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navel/Navelinas 3.60-4.30; Jaffa: Navels/Shamouti 50/189's 3.75-5.50; Moroccan: 64/113's 3.80-4.00. Satsumas—Spania: 95/189's 3.20-4.00. Lemons—Italian: 100/150's 4.50-5.00; Cyprus: 11 kg 84/120's 3.00-4.40; Greek: 5.00-5.30; Spanish: Trays 1.50-1.70. Grapefruit—Cyprus: 20 kg 3.30-4.40; Jaffa: Large boxes 32/88's 3.80-4.80; Florida: Pink flesh 36/48's 4.20-4.80. Bitters—Cyprus: 4.20; Spanish: 5.00. Apples—French: Golden Delicious, boxes 40 lb 138/176 4.00-5.00, 20 lb 2.00-2.50; Granny Smith 20 lb 2.40-3.00, 40 lb 4.50-6.00, Starkcrimson, approx. 20 lb 72's 2.60, 40 lb 5.60-6.50; Hungarian: Starking 40 lb 138's 5.30; Canadian: Red Delicious 40 lb 9.00-9.50; Italian: Granny Smith 30 lb, per pound 0.13-0.15. Pears—S. African: 34 lb net approx. Williams' Bon Chretien 7.20-7.60, Clapp's Favourite 5.50-5.80. Grapes—Californian: Red Emperor, per pound 0.50-0.60; S. African: Queen of the Vineyard 6.30; Spanish: Almeria 5.00. Plums—S. African: Gaviota 0.35-0.45, Red Ace 0.40-0.50, Harry Pickstone 0.40-0.45. Avocados—Israeli: 4.00-4.30. Melons—Spanish: 15 kg Green 12/15/18's 14.00; Peruvian: 10.00-11.00; S. African: 10 kg White 6.00-7.00; Equador: White 6.00. Pineapples—Ivory Coast: Each 12's 0.50-0.60, 6's 1.00-1.10. Onions—Spanish: 5.60-6.00; Dutch: 3.00-3.20; Canadian: 50 lb 3.80. Tomatoes—Canary: 4.00-5.50. Bananas—Jamaican: 26 lb 0.18. Lettuce—Dutch: 24's 2.80; French: 1.20. Cucumbers—Canary: 14/16's 5.30-5.70. Capsicums—Canary: Per pound 0.30-0.33. Celery—American: 30's 6.50; Israeli: 20/24's 5.80; Spanish, 18/36's 3.00-5.00; Italian: 12/18's 3.80. Cauliflowers—French: 24's 5.00; Jersey: 3.80-4.30.

English Produce: Potatoes—Per bag 2.00-2.60. Lettuce—Per 12, round 1.30-1.30. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.06-0.13, Cox's Orange Pippin 0.07-0.14, Laxton 0.08-0.10, Spartans 0.08-0.12. Pears—Per pound Conference 0.07-0.11, Comice 0.14-0.18. Swedes—Per 25/28 lb 0.60-0.70. Parsnips—Per 28 lb 1.00-1.20. Turnips—Per 28 lb 0.80-1.00. Rhubarb—Per pound, forced 0.20-0.21. Sprouts—Per pound 0.05-0.08. Cabbages—Per bag 0.80-0.90. White cabbages 1.30. Onions—Per bag 2.00-3.00. Carrots—Per bag 0.70-1.00. Beetroots—Per bag 1.00-1.20.

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.30-£4.20, codlings £2.20-£3.00. Large haddock £4.40-£4.90, medium £3.70-£4.80, small £2.30-£3.60. Large plaice £3.40-£4.00, medium £3.20-£3.70, best small £3.00-£3.60. Skinned dogfish (large) £12.00, (medium) £7.50. Lemon soles (large) £13.50, (medium) £12.50. Saithe £2.30-£2.80.

AMERICAN MARKETS

NEW YORK, February 11.

LIMIT ADVANCES in silver and major increases in gold were the rule in precious metals. With speculative opportunities improving in some minor commodities, copper, sugar and cotton have received major backing from the longs and rose the full limit or finished with major gains. The grains showed good advances on commercial interest, while soyabeans finished unchanged to fractionally higher. Strong support for old crop cocoa carried the market to near limit gains. Coffee was off in reaction to the Brazilian lowering of coffee export prices. The livestock markets closed mixed in a featureless trade, reported Heinold.

Potatoes (round whites)—March 56.5-56.8 (57.6), April 59.5-60.0 (61.0), May 69.1-69.4, Nov. 77.7. Sales: 1,169.

Sugar—No. 11: 28.55-26.65 (24.79), May 25.37 (24.37), July 25.68, Sept. 25.73, Oct. 25.74, Jan. 25.65, March 58.83, May 25.76. Sales 15,750.

Tin—789.00-805.00 asked (790.00-(790.00-795.00).

CHICAGO, February 11.

Lard—Chicago loose 20.00 (20.50). New York prime steam 21.50).

Live Cattle—Feb. 69.80-69.90 (68.95), April 72.65-72.60 (72.17), June 74.65-74.55, August 73.70-73.90, Oct. 72.46-72.65, Dec. 73.75, Feb. 73.80.

Live Hogs—Feb. 39.75-39.65 (39.72), April 39.20-39.10 (39.35), June 42.60-42.50, July 43.52-43.60, August 42.80-42.85, Oct. 42.40, Dec. 45.05-45.10, Feb. 46.50, April 45.70.

‡‡Maize—March 276-275¾ (274¾), May 289-288¾ (287¾), July 298¾-298, Sept. 305½, Dec. 312½-312¾, March 322½.

Pork Bellies—Feb. 41.15-41.20 (41.77), March 41.50-41.70 (41.90), May 43.60-43.50, July 45.00, August 44.35-44.40, Feb. 53.00, March 53.30, May —, July —, August —.

Silver—Feb. 3890.0 (3790.0), March 3910.0 (3780.0), April 3930.0, June 3980.0, Aug. 4021.0, Oct. 4062.0, Dec. 4103.0, Feb. 4144.0, April 4185.0, June 4226.0, Aug. 4274.0, Oct. 4316.0, Dec 4358.0, Feb. 4400.0, April 4442.0, June 4484.0, Aug. 4526.0.

‡Soyabeans—March 675½-674½ (675), May 679½-698 (696¾), July 719½-719, Aug. 727, Sept. 735½, Nov. 746½-747, Jan. 763½, March 780.

‖Soyabean Meal—March 184.00-183.80 (183.90), May 189.40-189.30 (189.50), July 195.10, Aug. 197.80-198.00, Sept. 195.50-200.50, Oct. 203.50-204.50, Dec. 208.00, Jan. 209.00, March 213.50-214.00.

Soyabean Oil—March 24.20-24.15 (24.32), May 24.75-24.80 (24.91), July 25.28, Aug. 25.55, Sept. 25.80, Oct. 26.00-26.10, Dec. 26.30-26.35, Jan. 26.35, March 26.65, May 26.80-26.90.

‡Wheat—464-462½ (456½), May 474-475 (468¾), July 481-481½, Sept. 493, Dec. 512, March 525½.

WINNIPEG, February 11. §Barley—March 13.70 (112.70), May 115.20 (114.20), July 114.60, Oct. 110.50, Dec. 110.10.

‡Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 237.15 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ° Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, February 11.

Wheat—U.S. No Two Dark Hard Winter wheat 13.5 per cent Feb. $200, March $202. U.S. Hard Winter wheat ordinary unquoted. U.S. No Two Red Winter wheat Feb. $196, March $198. U.S. No Two Northern Spring wheat 14 per cent Feb. $205.50, March $208.50, April/May $198, May/June $198, June/July $201, July/Aug. $203.

Maize—U.S. No Three Corn Yellow AFL $130, Feb. $129.50, March $134.50, April/June $141, July/Sept. $146, Oct./Dec. $149.50.

Soyabeans—U.S. Two Yellow Gulfports AFL $274, Feb. $274, March $277, April $283, May $285.50, June $291.75, July 293.25, Aug. $296.75, Sept. $299.50, Oct. $301, Nov. $300.25, Dec. $305.50, Jan. $309. Brazil Yellow FAQ unquoted Argentine May 285.

Soyameal—44 per cent protein U.S. AFL $248, Feb. $244, March $242, April/Sept. $244.50. Brazil Pellets AFL $266, March $253, April/May 247.50, April/Sept. $251.

PARIS, February 11.

Cocoa (FFr. per 100 kilos). March 1360/1370, May 1350/1370, July 1355, Sept. 1360, Dec. 1370, March 1375. Sales at call 0.

INDICES

FINANCIAL TIMES

Feb. 8	Feb. 7	M'nth ago	Year ago
311.17	309.06	290.12	267.72

(Base: July 1, 1952=100)

MOODY'S

Feb. 8	Feb. 7	M'nth ago	Year ago
1471.2	1451.0	1257.0	1033.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 8	Feb. 7	Month ago	Year ago
Spot	453.97	452.54	458.63	384.81
F'tur's	463.11	458.79	409.17	385.16

(Average 1924-25-26=100)

REUTERS

Feb. 11	Feb. 8	M'nth ago	Year ago
1866.5	1829.3	1701.5	1533.3

(Base: September 18, 1931=100)

JOBS COLUMN, APPOINTMENTS

EXPANSION REQUIRES EXPERIENCED VICE-PRESIDENT/ GENERAL MANAGER

Salary $150,000+

Solidly-established group of substantial worldwide standing with many years of experience in its field seeks an experienced top executive to have full operating, sales, and profit and loss responsibility for a newly-established corporation whose activities will encompass long-tested and proven service operations. *Headquarters: N.Y. Metropolitan Area.*

A dynamic, strongly-motivated, service-oriented executive is needed, with a background in the industrial fields and fully capable of managing large-scale mechanical maintenance and service programmes using experienced engineering and technical personnel and working closely with large *industrial corporations. The successful* candidate will occupy a ground-floor position in a challenging start-up environment where the opportunity to exhibit entrepreneurial management characteristics will be amply provided.

Degree in mechanical, systems or metallurgical engineering —or equivalent experience—necessary; MBA in marketing/ finance desirable.

Highly-competitive earnings package including performance incentives and unique prospects for personal growth and *job satisfaction are open to the qualified individual.*

We assure all respondents absolute discretion and confidentiality. Please send resume with details of education, earnings history, dates of employment and other pertinent information.

BAEDER INTERNATIONAL GROUP

Box A.7046, Financial Times
10, Cannon Street, EC4P 4BY

Insolvency experts apparently liquidated

BY MICHAEL DIXON

FINE MARBLE lined the office washrooms at the old Metro-vicks' works in Manchester, where I first went auditing as an articled clerk in the mid-1950s. A notice fixed to the marble declared that anyone who defaced it would be instantly dismissed.

One day the senior accountant in charge of the audit turned to me while drying his hands, and said: "Promotion's no problem here, I see." I looked up inquiringly.

"Yes," he added. "You just *scratch the name of your* immediate boss on the wall here, step into his shoes when they sack him, and keep on doing it until you're chairman. Then you abolish the rule."

Being ambitious at the time to reach the top in accountancy, I felt worried. What chance had I of fighting my way up the ladder in competition with men who thought of things *like that?* No doubt all accountants were equally Machiavellian, I assumed.

Then I twigged it. In those days rabbits were dying all over the place of myxomatosis. All *that was needed was to discover* a disease which was specific, not to rabbits, but to accountants. That done, I could secretly inoculate myself against it just before qualifying, and then let it rage across the land.

But it soon became clear that accountancy was not the career for me. So I never even started my search for the required virus.

It could well be, however, that someone else has now found it, although in a form more limited than the one I had in mind. I say this because Bam*ford Business Services has for* some weeks been ranging about looking for qualified accountants experienced in receivership and insolvency work, and reports that there don't seem to be any around any more.

The job sounds attractive enough. Head of a small, new receivership practice, the recruit would have a good deal of freedom of action. Given sound knowledge of and successful experience in the field, a candi*date's age does not matter. And* the starting salary would be around £15,000.

When I put forward the myxomatosis theory as a possible explanation for the deafening silence which has greeted the job-offer, it wasn't exactly taken up with enthusiasm either. A counter-theory was immediately asserted, to the effect that *accountants of the* kind required are unwilling to venture north of Potters Bar.

That does not convince me, however, even though I have heard before about the strange geographical quirks of accountants. *They'll work as financial* controllers and suchlike in the North-west at salaries that are being offered to newly qualified people in London, and I gather much the same applies around Birmingham.

On the other hand, in the North-east accountancy firms have to sign up their staff *locally at an early age and* tether them to the region because, it's said, the only accountant who will work in the North-east is one who was born there.

But Bamford is in one of the *most delightful parts of the* Derbyshire Peak District minutes from mountains and the splendid pine-surrounded reservoirs over which the Dam Busters trained for their raid, and yet within easy reach of *Manchester as well as Sheffield.* Even an accountant must surely rejoice in such a place.

So, before presuming the myxomatosis theory proved, we'll have one last try: inquiries should be sent to Austin Davis, the managing director, at Bamford Hall, Sheffield S30 2AU.

Hunter hunted

IT IS a few years since a Jobs Column comment that the individual-approach methods of executive search seemed suitable for recruiting people only *in the top pay range,* was taken up heatedly by one Dirk Degenhart. Nonsense! he roared. Search methods could be made to pay for all concerned in the hunting of people for jobs in the £7,000 to £10,000 bracket. What was more he and his eponymous recruitment consultancy was going to prove it.

He seems to have done so. Expansion and a recently formed link with a European group have set him hunting for an extra consultant for his own London-based staff.

"We'd prefer to hear from people with experience in management recruiting, he says. "But we would also consider people who have been or are in a service business which has similar requirements — e.g. general consultancy, or marketing and advertising — provided they have a "nose" for people."

Mr. Degenhart also imagines that a graduate would best fill *his bill, although he would not* sniff at candidates without benefit of degree, given that they could work virtually from scratch on their own initiative.

As to the pickings, he speaks of a five-figure sum plus a profit-*sharing arrangement and a car* or a car-allowance. I would reckon that to mean a basic salary of £12,000 or more. The preferred age is 30 to latish 40s.

Inquiries should be made to him at Dirk Degenhart and Partners, 140 Sloane Street, London SW1X 9AY. For some reason which I do not know, many recruitment consultancies have a cluster of different telephone numbers, and Mr. Degenhart's company is no exception. *So I will give just* the middle one of the three which get answered during the day—01-730 0341—those wishing to make contact between 2100 and 0700 hours should ring 01-994 2157.

Marketing head

NOW FOR a trio of jobs being offered by recruiter Brian Saltzer of West One Selection. In neither case may he name the employer, but he gives the required guarantee to honour any applicant's request not to be identified to the client in question until specific permission has been given.

The first post is for a marketing director to work "somewhere in the East of England" for a pharmaceuticals group which is owned in the United States. A paper qualification in pharmaceuticals or a science is required, as is a sound know*ledge of the industry.* The age range is 33-45, and Mr. Saltzer is probably keenest of all about a demonstrably successful record of senior management in marketing over a stretch of five to 10 years.

Starting salary for this job will be around £17,000, plus "director's trappings" (I rather like that image—it somehow gives me the idea that the perks will include one of those Board-room-style suits that look as if, *any day now, they're going to* need mowing).

Sales brace

THE OTHER two posts are both for sales managers in the petro-chemical contracting industry. One is based in London, and the other in the North-west, but the recruits will probably have to travel the world, especially in Europe and the Far East.

No age is specified for either. But candidates need to have a degree or the equivalent in chemical engineering or some associated subject. Their career record must show success in putting together large-scale deals, encompassing design, project-*management, and construction* work.

Here the salaries will start at £12,000 to £17,000. Perks will include a car.

Inquiries should be made to Brian Saltzer at West One Selection, 61 Berners Street, London W1P 3AE. He is not afflicted by the apparent occupational greed for telephone numbers, having only one—01-636 8791. But he has a telex service—28604 ref 3013.

GENERAL APPOINTMENTS

Co Sec

Aged 25-55 - £7,000-£8,000

An excellent opportunity to work with the Assistant Company Secretary in this diverse commercial group of companies in W1.

Your knowledge of all statutory procedures is required, together with the aptitude for accurate recording of minutes.

The person who succeeds will be a quick decision taker with the ability to handle unforeseen situations as they occur. You are possibly a qualified ACIS and must be a person of integrity for this reputable company.

Ring now for details
01-248 6071 or 01-588 5911
ACCOUNTANCY ENGAGEMENTS
(Specialist employment agency)

AMERICAN BANK

SECURITIES/FOREIGN EXCHANGE BACK UP

circa £6,000 + 3% mortgage

Excellent opportunity for person with knowledge of accounting and preparation, FX settlements, bond custodians and types of securities/dividends, payments and taxation. Some knowledge of computer desirable.

Appointments on 01-606 4711
DEJA VU RECRUITMENT CONSULTANTS

The Daily Telegraph

requires a financial sub-editor with wide experience at national or major provincial daily level of handling City, business, industrial and associated features. Stone subbing experience essential. Five-day week.

Applications, c.v. to:
The City Editor
The Daily Telegraph
112 Queen Victoria Street
London, EC4

Group Financial Controller

Lloyd's Brokers, EC3

not less than £15,000 and car

Expanding Lloyd's Brokers, backed by a major Public Group, are looking for an A.C.A. or A.C.C.A. to take full responsibility for the accounts of their five operating subsidiaries. Successful performance could lead to the Financial Directorship (at present vacant).

Thorough familiarity with Lloyd's Systems is essential.

For further information (in strict mutual confidence) please contact our Managing Director, Mr. D. R. Whately, whose private telephone number is 01-623 9227. The reference is 487.

WHATELY PETRE LIMITED
Executive Selection
6 Martin Lane, London EC4R 0DL

ADVERTISEMENT SALES REPRESENTATIVE

FINANCIAL TIMES (ADVERTISING GERMANY) LTD.

An Advertisement Sales Representative is required to complete the Financial Times Frankfurt-based advertisement team.

Previous advertising experience is not as necessary as a broad knowledge of German commerce and industry. Fluency in English and German are essential.

Salary will be negotiable dependent on experience.

Application accompanied by a curriculum vitae should be forwarded to:—

Edward Hugo
Financial Times (Advertising Germany) Ltd.
Frankenallee 68-72
D-6000 Frankfurt am Main 1
Federal Republic of Germany

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Bookkeeper/Settlement Clerk/ Administrator

circa £9,000

urgently required

Aged 28-40, to establish records/bookkeeping systems in new subsidiary company of a large financial group, trading in Metals on the Commodity market.

The successful applicant will have gained a good standard of education and a minimum of five years' experience in the metal commodity market with experience in office administration.

Please forward application giving full details of experience in confidence to:

Box A.7043, Financial Times,
10 Cannon Street, EC4P 4BY

COMPANY NOTICES

GAZ de FRANCE
National Service
Public Corporation of the French State
(Law on nationalisation of Electricity and Gas of April 8th, 1946)
Registered Office:
23, rue Philibert Delorme—Paris (17ème)

9% BONDS 1970-1985 OF USD 1 000
NUMERICAL LIST

1. Of the series including, with the previous repurchases, the 1 180 bonds drawn by lot on January 24, 1980 (tenth drawing) making up, with the 150 repurchased bonds, the totality of the nominal amount USD 1 330 000 to be redeemed on March 15, 1980:

2 036 to 2 716
4 047 to 4 536
5 904 to 5 928

2. Of the series previously drawn by lot among which are bonds not yet presented for the repayment:

Drawing of January 26, 1977 — Reimbursement March 15, 1977
9 406 to 10 765
Drawing of January 25, 1978 — Reimbursement March 15, 1978
690 to 2 035
Drawing of January 25, 1979 — Reimbursement March 15, 1979
4 548 to 5 903

These bonds will be redeemed at USD 1 000 at the office of the CHASE MANHATTAN BANK in NEW YORK and the offices of the following banks:
—BANQUE NATIONALE DE PARIS, PARIS
—SOCIETE GENERALE, PARIS
—CREDIT COMMERCIAL DE FRANCE, PARIS
—DEUTSCHE BANK A.G., FRANCFORT-sur-le-MAIN
—BANQUE BRUXELLES LAMBERT, BRUXELLES
—SOCIETE GENERALE DE BANQUE, S.A., BRUXELLES
—BANCA NAZIONALE DEL LAVORO, ROME
—CREDIT LYONNAIS, Agence de Luxembourg, LUXEMBOURG
—SOCIETE GENERALE ALSACIENNE DE BANQUE, LUXEMBOURG
—AMSTERDAM ROTTERDAM BANK N.V., AMSTERDAM
—CREDIT LYONNAIS, PARIS
—BANQUE DE PARIS ET DES PAYS-BAS, PARIS
—COMMERZBANK A.G., DUSSELDORF
—DRESDNER BANK A.G., FRANCFORT-sur-le-MAIN
—KREDIETBANK N.V., BRUXELLES
—BANCA COMMERCIALE ITALIANA, MILAN
—KREDIETBANK S.A. LUXEMBOURGEOISE, LUXEMBOURG
—BANQUE GENERALE DU LUXEMBOURG S.A., LUXEMBOURG
—ALGEMENE BANK NEDERLAND N.V., AMSTERDAM
—BARCLAYS BANK LTD., LONDRES
Outstanding amount USD 6 700 000.

M. L. HOLDINGS LIMITED
ORDINARY SHARES OF 25p
7% REDEEMABLE PREFERENCE OF £1

NOTICE IS HEREBY GIVEN that the Transfer Books and Registers of Members will be CLOSED from the 22nd February, 1980, to the 29th February, 1980, both dates inclusive.

By Order of the Board,
A. P. SMITH,
Secretary.

COMPANY NOTICES

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS — UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Conditions relating to the payment of the dividends declared by the undermentioned companies in January 1980, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.880422 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 11 February 1980 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Amount per share
Gold Fields of South Africa Limited	62	69.13342p
New Witwatersrand Gold Exploration Company, Limited	58	7.44514p
Vogelstruisbult Metal Holdings Limited	66	5.84975p

London Office:
49 Moorgate,
London, EC2R 6BQ.
United Kingdom Registrar:
Close Registrars Limited,
803 High Road,
Leyton,
London E10 7AA.
11 February 1980.

By Order of the Boards,
C. E. WENNER,
London Secretary.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

£6,000 accountancy appointments £9,000

Financial Accountant

£7,500
Brentford, Middlesex

Rank Audio Visual, a division of the Rank Organisation require a Financial Accountant to supervise the operations of bought and nominal ledger and the cashiers and wages function within its Film Services and Photographic area.

The successful candidate, male or female, will have several years' relevant experience in an industrial/commercial organisation, and be part qualified to ACA, ACCA or ACMA. The ability to supervise and motivate staff is essential.

A salary of £7,500 is offered, plus usual large company benefits.

For further information, please telephone Josephine Hamilton, Personnel Officer, Rank Audio Visual, PO Box 70, Great West Road, Brentford, Middlesex. Tel: 01-568 9222, extension 351.

RANK AUDIO VISUAL

CREDIT MANAGER

Central London
Circa £7K + car

A qualified and experienced credit manager is required by a young growth orientated company in the Advertising industry. Billings have risen in the last eighteen months from *less than £1 million p.a.* to more than *£8 million p.a.* As a result of the economic climate, the Credit Manager will play an increasingly vital role in enabling us to achieve our next *ambitious target. The wide brief will include the establishment* of close working relationships with the senior financial people in client companies. The position, open to men and women, *will carry a competitive salary, which will not be less than* £7,000, plus a company car and other benefits.

Please write to:

The Company Secretary
MCS/Robertson & Scott Advertising Ltd.
113 Tottenham Court Road
London W1P 0BY
Tel: 01-387 5060

ACCOUNTANCY WITH WOOLWORTH

Resulting from a re-organisation of the accounting structure, the following vacancies arise with one of the world's largest retail organisations.

Regional Accountant–Kensington

The number two accounting job in this Regional Office, reporting to the Regional Chief Accountant and responsible for financial accounting, cash control and general administrative work.

Overseas Accountant–Head Office

A financial accounting position, controlling the book work of overseas subsidiaries in five countries. Knowledge of import and export procedures would be an advantage.

Stores Audit

Working in Greater London and S.E. England, carrying out audits at Regional Offices and Stores and assisting with the supervision, control and training of stores auditors.

The successful men or women will be qualified or part-qualified (ACCA, ACA or CA), with some commercial experience and aged between 23 and 45.

Starting salaries range from £7,000 to £9,000, and are backed by excellent conditions of service and fringe benefits.

Please send a full C.V. to:– **Mrs. P. Butterworth, Personnel Officer, F. W. Woolworth and Company Limited, 242/246 Marylebone Road, London NW1 6JL.**

WOOLWORTH

Opportunity for newly qualified
ACCOUNTANT

Medium-sized publishing, advertising and direct mail organisation located near Redhill, Surrey, seeks a young qualified accountant to control total company accounting procedures, reporting directly to the Managing Director. Old-established concern (1871), staff roll short of 100 (4 in accounts department). Commencing salary £6,000 p.a., company car, pension scheme etc. Further information, prior to interview, can be obtained by written application with C.V. to:

Managing Director
Darby House, Bletchingley Road
Merstham, Redhill, Surrey RH1 3DN

Recently Qualified A.C.A.

c. £8,500 plus car

Central London

Our client is a quoted public company principally concerned with the manufacture of high technology equipment. They are seeking a young Chartered Accountant, preferably with some experience outside the profession, to assist the Group Chief Accountant.

The main responsibility will be the financial accounting of the Head Office, assisting in the preparation of Board papers and the consolidation of subsidiary companies' accounts.

The appointment will provide a very interesting insight into the structure and operations of this growing organisation at a particularly challenging time.

For further information please contact our Managing Director, Mr. D. R. Whately, whose private telephone number is 01-623-9227 and the reference is 493.

WHATELY PETRE LIMITED
Executive Selection
6 Martin Lane, London EC4R 0DL

APPOINTMENTS WANTED

High Interest Rates make effective cash control essential
CAN I HELP ?

Chartered Accountant, early 30s, requires interesting position utilising proven skills in treasury management and interpretation of financial information. Opportunity sought to make a positive contribution with a practical analytical approach. *Please write:*

Box A7044, Financial Times
10 Cannon Street, EC4P 4BY

GENERAL APPOINTMENTS

ACCOUNTING/PLANNING/ADMINISTRATION

ALL ROUNDER

up to £14,750 per contract year after tax

If you are tired of working on mundane projects and want variety and challenge then look what ARAMCO can offer.

Aramco are the world's largest oil producers with a massive *scale of operations in Saudi Arabia. We need business* specialists to help us plan and analyse our many projects.

We are looking for graduates in accounting, business administration, *economics or business management.* Applicants should be experienced in the many aspects of accounting including budget preparation, cost control etc. with at least 5 years experience in the Oil or comparable Industry.

Contracts are single status and renewable yearly, with low rental *air conditioned* accommodation and free medical care. Married men receive 14, 14, 25 days leave after each 4 month period. Single men 30 days after 12 months. A valid UK driving licence is required.

Find out how you can make your experience pay.

Write with career details etc. quoting ref. FT/8/2 to:

PMC MANAGEMENT SERVICES LIMITED
INTERNATIONAL RECRUITMENT
5, East Parade, Harrogate, North Yorkshire HG1 5LF.

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on February 5th 1980

Job Title	Salary	Location	Advertiser
High Flying Accountants	Up to £9,500	London	I.C.L.
Accountant	DM 60,000	Germany	Robert Half
ACA/ACCA	£8,000 + Benefits	City	Robert Half
Financial Accountant	£8,500	W. London	Robert Half
Management Accountant	£8,000	Home Counties	Robert Half
Financial Analyst	£8,000	N. London	Robert Half
Financial Accountant	Up to £8,000	West End	R.S.V.P. Recruitment
Cash Management Accountant	£8,500 + Car Lease	Bracknell, Berks.	B.M.W. (GB) Ltd.
European Auditors	—	London Based	Walt Disney Productions Ltd.
Accountant/Administrator	£6,264-£8,052	London	Hong Kong Trade Development Council

For the full text of these advertisements please see the Financial Times of that date or telephone Sally Stanley on 01-248 5597

LONDON STOCK EXCHANGE

Oil and energy-related exploration issues dominate
ICI strong and 30-share index jumps 8.5 to 469.9

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 28	Feb. 7	Feb. 8	Feb. 18
Feb. 11	Feb. 21	Feb. 22	Mar. 3
Feb. 25	Mar. 6	Mar. 7	Mar. 17

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Another day of frenzied activity in international oil and other energy-related stocks partially obscured a highly successful start to the new trading Account by leading shares yesterday. South African Golds also featured to lead a general advance in the mining sectors and the overall performance of stock markets was marred only by a contrastingly dull tone in Gilt-edged securities.

With oil being the current centre of investment enthusiasm, attention was diverted to market leader ICI in recognition of its North Sea interests. A heavy demand, partly unsatisfied, brought a sharp rise in the price from which other equity leaders soon benefited. Many quickly extended initial gains which had stemmed from revived hopes of an early settlement of the steel dispute now that the craft unions have accepted BSC's latest offer.

Adverse pointers such as the General and Municipal Workers' rejection of a 19 per cent pay offer to waterworkers and depressing wholesale prices for January made little impression on sentiment, although the close was a shade under the day's best. ICI closed 14 up at 398p, after 402p, while the FT 30-share index settled a net 8.5 higher at a 1980 closing high of 469.9; at 1.00 pm, the rise was 9.4.

Government stocks were slightly disturbed by January's rise in wholesale prices and showed a quickening in the tendency to drift easier which was apparent prior to the announcement. A continuing tightness of credit in money markets again inhibited business among the shorts, down ¼ in places, while the longs were even quieter and similarly lower in the end. Details of the Central Government borrowing requirement failed to cushion the market.

Australian mining and exploration issues experienced even more hectic conditions than on Friday and yesterday's activity continued well into the after-hours' trade. Profit-taking was readily absorbed by fresh demand and gains were sometimes substantial. South African Golds tended to be overshadowed despite the rising bullion price, but the firm tone was measured by a rise of 12.5 in the FT Gold Mines index to 357.5.

Traded options began the new Account actively with 1,187 contracts completed, well above Friday's 719. Interest was again centred around oil and mining issues with BP and Shell recording 186 and 134 trades respectively, while Cons. Gold Fields attracted 240 and RTZ, 273.

Child Health Research Investment Trust made a quiet market debut; the shares opened at 100p and closed at 101p.

Home Banks firm

Home Banks made an impressive showing in relatively quiet trading. Lloyds, which starts the dividend season with annual results on February 22, firmed 8 to 312p, while Midland, at 372p, recovered Friday's fall of 10. Barclays, 442p, and NatWest, 365p, added 12 to 13 respectively. News that Mass Development had increased its stake in Grindlays to just over 5 per cent excited the latter to the extent that the price touched 157p before reverting to the pre-weekend level of 145p. Among Hire Purchases, Wagon Finance, annual results on Friday, eased 2 to 35p.

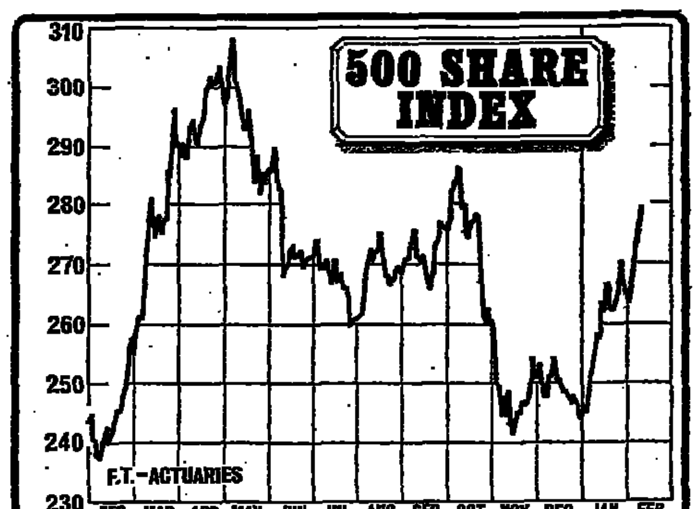
Insurances made headway under the lead of Royals which firmed 10 to 350p. General Accident and Guardian Royal Exchange added 6 apiece to 248p and 258p respectively.

Cement issues took already useful gains a stage further on the news that cement prices are to be increased by 24 per cent on March 1. Blue Circle finished 12 higher at 316p, while Ready Mixed Concrete put on 6 to 170p, Rugby Portland Cement 4 to 76p and Tunnel "B" 10 to 182p. Elsewhere, Tarmac encountered support and rose 7 to 216p, while BPB gained 11 to 192p. Contracting and Construction issues featured Costain which firmed 8 to 154p. William Whittingham put on 6 to 102p, after 104p, on speculative interest, while A. Monk added 3 to 40p, the latter in a thin market. Bellway revived with a gain of 4 to 76p, while similar improvements were marked against Barratt Developments, 126p, and Blockleys, 72p. Gibbs and Dandy "A" also picked up 4, to 26p, following a Press tip. In Timbers, a fair amount of interest was still being shown in Montague L. Meyer, 3 to the good at 100p, and in Mallinson-Denny, 2½ higher at 58p. Rohan firmed 5 to 80p in response to the satisfactory interim statement.

Reflecting the buoyant oil sector, ICI encountered useful support and touched 402p before settling 14 higher on balance at 398p.

Stores subdued

Leading Stores traded quietly and closed with small gains where altered. Mail-order issues took a firmer stance, with Grattan, at 98p, recovering most of Friday's fall of 6. Elsewhere in secondary issues, Status Discount rose 3 to 64p following weekend Press comment, while Ladies Pride Outerwear put on a similar amount to 53p in response to the annual results and proposed 20 per cent scrip issue. Speculative attention was again directed towards Stylo Shoes which, despite the recent bid denial, rose 15 to 195p.



Awaiting fresh developments in the GEC/Racal bid tussle, Decca ordinary touched 605p before settling 15 up at 595p, while the "A" ended 5 better at 445p, after 452p. GEC improved 5 to 375p and Racal 4 to 219p; the latter is expected to make an announcement today. Elsewhere in the Electrical sector, revived bid hopes lifted Ferranti 23 to 510p. Berec found support at 113p, up 9, while demand in a market none too well supplied with stock left United Scientific 21 up at 456p. Muirhead improved to 223p initially, but reacted to close a penny down on balance at 218p following forecast of poor half-yearly profits contained in the annual report. Sound Diffusion, down 12 at 63p, after 61p, were also unsettled by a gloomy profits forecast. On the other hand, Plessey responded to Press mention with a gain of 6 at 147p.

The partial breakthrough in the steel strike gave a boost to sentiment in the Engineering sector. Despite faltering at one stage, final quotations of the leaders closed only a shade below the best. Tubes ended 7 to the good at 299p and GKN 6 higher at 277p, while Hawker improved 4 to 194p. Among secondary issues, CompAir, a recent speculative favourite, closed 15½ higher at 94p following late news that talks are taking place which may lead to an offer for the company. Favourable Press mention stimulated demand for Bamfords which advanced 7 to 27p, while Howard Machinery firmed 3 to 22p awaiting Thursday's preliminary results. Simon Engineering rose 4 to 242p and Jones and Shipman 5 to 158p.

Selected Food manufacturers made useful progress with United Biscuits firming 5 to 89p and Associated Biscuit adding 4 to 90p. British Sugar touched 152p before settling 4 higher on balance at 148p. Speculative support was again forthcoming for Needlers which also added 4, to 57p, after 60p. Still on hopes that Northern Foods may make a bid for the company, Avana added 3 more to 124p.

Metal Box good

Helped by the turn of events in the steel dispute, miscellaneous Industrial leaders made headway. Metal Box were a particularly good market and pushed ahead to close 12 dearer at 260p. Buyers showed interest in Glaxo ex the 100 per cent scrip issue; the shares touched 258p before closing 7½ up at 250p. Elsewhere, Rank Organisation firmed 8 to 222 xd with the aid of Press mention, while others to move ahead for a similar reason included Relyon, up 4 at 102p, Dundonian, a similar amount dearer at 48p, and Rockware, 6 to the good at 96p. Demand in a restricted market lifted Siebe Gorman 12 to 162p and Crosby House 15 to 197p. Fresh support was forthcoming for cleaning issues, Sketchley, 251p, and Johnson Group, 171p, which both improved 6. Rises of around 8 were recorded in Wood Hall Trust, 118p, AGB Research, 170p, and Ferguson Industrial, 87p. Still reflecting the company's stake in Lasmo, Cawoods encountered fresh demand and touched 196p before closing 6 down on balance at 186p. British Cargo also moved against the trend, closing 3 lower at 45p on the half-yearly loss and statement on the outlook.

Dealings in takeover favourite Godfrey Davis were suspended at the outset of business at a new 1979-80 high of 148p awaiting a statement from the company. The suspension prompted fresh speculative buying among Distributors. Caffyns featured with a jump of 26 to 205p, while Harold Perry, 156, and British Car Auction, 70½p rose 4 and 3 respectively. T. Cowie, 49p, added 3 in response to a favourable Press mention.

Properties mirrored the generally firm trend, but trading was thin. Land Securities and MEPC added 3 apiece to 298p and 198p respectively. Among secondary issues, Country and New Town put on 3 to 44p and Avenue Close improved 4 to 100p.

Oils up again

Oil shares continued to advance on a broad front and, despite occasional bouts of profit-taking, final quotations were around the day's best. Leading issues were well to the fore in the improvement, BP closing 20 higher at 410p and Shell 16 to the good at 390p. Among the more speculative North Sea issues, Clyde moved up 30 to 380p and rises of around 20 were recorded in British Borneo, 344p, and Cambridge Petroleum, 304p. Renewed support lifted Premier 7 further to 87p, while IC Gas continued to surge ahead with a fresh gain of 25 at 773p.

S. Hoffnung rose 14¼ to end at 89p, or 9 above the cash offer from Burns Philp. Elsewhere in Overseas Traders, Press comment helped Lonrho to a gain of 5 at 107p, while African Lakes added 7 at 300p following the annual results and capital proposals.

Trusts advanced on a broad front. Atlantic Assets were particularly good at 168p, up 11p.

Plantations continued to benefit from the buoyant commodity price and hopes of further rationalisation within the sector. Bid prospects, aided by Press comment lifted Castlefield (Klang) 37 to 540p, after 545p, while Malakoff improved 5 to 99p and Kuala Lumpur Kepong added 6 to 101p. Thoughts that Harrisons and Crosfield, 75 up at 900p, will soon attempt to tidy up its plantations interests prompted double-figure gains in the companies concerned; Sogomana advanced 50 to 440p, while London Sumatra, 460p, and Lunuva, 390p, rose 17 and 20 respectively. Guthrie closed 33 higher at 810p following suggestions that any offer from Sime Darby would have to be in the region of £10 to succeed.

Demand for Mines

Prices of mining issues advanced over a broad front with Australians, London Financials and Coppers especially attracting a wide range of demand.

The strength of the Australian market showed no signs of being eroded as last week's buying surge continued, following another vigorous performance in Sydney overnight. New 1979-80 highs were common throughout the list as the market traded in very light volume.

The Rundle oil shale partners stood out after the announcement of a development tender from three major groups: Central Pacific gained 2¼ to £26, while Southern Pacific finished 1¾ higher at £10¼ after touching £10¾.

Among the majors, Bougainville jumped 17 to 232p and Conzinc Riotinto closed 14 harder at 332p. Western Mining rose 16 more to 246p and MIM gained the same amount to 312p.

Demand for exploration stocks continued. ACM advanced 7 to 23p, while Otter's recent rise was extended by another 10 to 150p, closing beneath the best, and Samantha ended 12 firmer at 121p.

London Financials had their busiest day for some time. Selection Trust drew benefit from the strength of the Australian market with a rise of 40 to 760p. Consolidated Gold Fields advanced to 533p as bid talk continued but when the group was suggested as a possible bidder itself for CompAir, the price fell back to close at 525p for a net gain of 25.

Rio Tinto-Zinc rose 21 to 444p on the back of the copper and Australian markets, but closed beneath the best. Charter Consolidated finished 14 higher at 170p. Institutional buying was prominent through the whole market.

South African Financials were quietly firm, while Golds responded to the rise in the bullion price. The Gold Mines Index was 12.5 higher at 357.5, but business was sluggish although there was some buying interest from Johannesburg in the morning. S.A. Land were one feature, leaping 85 to 542p. Vaal Reefs closed 1½ firmer at £30¼.

Considerable London interest developed for Coppers as the metal price moved higher, and there was more limited demand from the Continent. Pushed by active buying, Roan Consolidated ended 35 higher at 255p and ZCI gained 6 to 53p. Palabora were 105 up at 870p.

FINANCIAL TIMES STOCK INDICES

—	Feb. 11	Feb. 8	Feb. 7	Feb. 6	Feb. 5	Feb. 4	A year ago
Government Secs.	66.39	66.63	66.05	66.48	65.60	65.95	64.69
Fixed Interest	67.02	67.26	67.06	66.86	67.47	67.46	66.77
Industrial	469.9	461.4	462.9	455.9	447.8	445.7	446.1
Gold Mines	357.5	345.0	346.4	344.6	326.3	332.3	177.4
Ord. Div. Yield	7.02	7.06	7.05	7.17	7.30	7.35	6.37
Earnings, Yld. % (full)	17.31	17.41	17.58	17.68	17.99	18.07	16.65
P/E Ratio (net) (*)	7.08	7.05	7.07	6.95	6.83	6.80	7.79
Total bargains	28,019	25,676	22,393	20,496	19,157	18,899	—
Equity turnover £m	—	153.03	153.92	110.42	85.11	86.41	76.00
Equity bargains total	—	21,113	18,761	16,452	15,826	13,715	13,914

10 am 466.0. 11 am 469.9. Noon 469.9. 1 pm 470.8. 2 pm 470.7. 3 pm 469.7.

Latest Index 01-246 8026.

*Nil = 6.62.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (16/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (6/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 11	Feb. 8
—Daily		
Gilt Edged	153.3	125.2
Industrials	151.5	139.2
Speculative	80.3	75.9
Totals	110.9	100.6
5-d'y Av'r'ge		
Gilt Edged	123.1	121.9
Industrials	128.8	121.1
Speculative	67.6	62.1
Totals	91.6	85.1

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (159)

NEW LOWS (17)

LONDON TRADED OPTIONS

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
RTZ	25p	17	444	+21	446	226
LASMO	25p	16	500	−6	506	124
Imp. Cont. Gas	£1	15	773	+25	773	358
Premier Cons.	5p	15	87	+7	87	5
Cons. Gold Fields	25p	13	525	+25	531	178
Shell Transport	25p	13	390	+16	402	278
ICI	£1	13	398	+14	415	314
CompAir	25p	11	94	+15½	94	52
Tricentrol	25p	11	320	+10	326	148
Plessey	50p	10	147	+6	147	101
Decca A	25p	9	445	+5	445	230
NatWest Bank	£1	9	365	+13	406	278
Western Mining	A$0.50	8	264	+16	264	121
BAT Inds.	25p	8	245xd	−3½	362	230
BP	25p	8	410	+20	410	220½

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declarations	For Settlement
Feb. 4	Feb. 15	May 8	May 19
Feb. 18	Feb. 29	May 29	Jun. 9
Mar. 3	Mar. 14	Jun. 12	Jun. 23

For rate indications see end of Share Information Service

Money was given for the call in Tricentrol, Premier Oil, RHM, Fitch Lovell, Brooke Bond, Charterhall, William Press, Vickers, Plessey, Bambers, Cawoods, Amalgamated Estates, New Throgmorton Capital, ICI, Lonrho, Renold, Associated Biscuits, United Biscuits, Bejam, Cadbury Schweppes, Cons. Gold Fields, CompAir, LRC, 690 Group, Metal Exploration and North Kalgoorlie Copper. Puts were dealt in Premier Oil and North Kalgoorlie, while doubles were arranged in ICI and William Whittingham.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	76	34
Corpns. Dom. and Foreign Bonds	72	3	51
Industrials	512	161	763
Financial & Propy.	271	22	139
Oils	33	3	7
Plantations	20	—	8
Mines	95	5	31
Others	61	30	76
Totals	1,086	242	1,108

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST PRICE INDICES

	British Government	Mon., Feb. 11	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	99.88	−0.26	0.49	1.38
2	5-15 years	103.95	−0.22	—	2.00
3	Over 15 years	109.43	−0.38	0.24	0.95
4	Irredeemables	130.40	—	—	0.00
5	All stocks	104.29	−0.29	0.26	1.34

		Mon., Feb. 11 Index No.	Yield %	Fri. Feb. 8	Thurs. Feb. 7	Wed. Feb. 6	Tues. Feb. 5	Mon. Feb. 4	Fri. Feb. 1	Thurs. Jan. 31	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	51.28	14.43	51.79	51.52	51.63	51.67	51.70	51.81	51.95	52.91
16	Investment Trust Prefs. (15)	47.82	14.10	47.82	47.82	47.82	48.13	48.08	48.09	48.18	47.68
17	Coml. and Indl. Prefs. (20)	61.86	14.49	61.75	61.63	61.72	61.85	61.87	62.10	61.94	67.49

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at £2.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd. (a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

NOTES

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs. (a)

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd. (a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd. (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

103¼	96	FFI 13pc 1981	97	......	13.41	16.37
108¼	93½	Do. 14pc '83	94½	+1	14.80	15.93
86½	77½	ICFC 5½pc Deb. '80-82	82½	......	6.84	14.78
85	69	Do. 6¼pcDb. '81-84	73	......	8.76	14.90
99	79½	Do. 10¼pc Uns.Ln. '86	85½	......	12.45	14.55
99	77	Do. 11pc Uns.Ln. '88	85	......	13.13	14.10
101½	80	Do. 11¾pc Uns.Ln '90	85½	......	13.96	14.85
72½	54½	Do. 7¼pcADeb. '89-92	59	......	12.64	14.70
69	51½	Do. 7¼pcA Db. '91-94	58	-¼	13.23	15.08
72	64	Do. 9pc 'A' '91-94	69½	......	13.68	14.80
78½	61	Do. 8⅞pcLn. '92-97	62½xd	......	14.20	14.85
102	85	Do. 12½pc. Uns. Ln. 1992	87½xd	-6	14.28	

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

286	230	Brown Shipley £1	278	......	13.0	—	6.7	—
375	250	Cater Ryder £1.	310	-3	18.88	—	8.7	—
110	59	Clive Dis'nt 20p	72	......	5.33	—	10.6	—
224	121	Com'l Aus (SA1)	151	......	†Q18c	3.6	6.2	5.3
*£17	862	Com'zbk DM 10	910	......	Q26.6%	—	7.6	—
£18½	900	C'hgn.Hbk.Kr100	975	......	Q12%	—	10.5	—
41	20	Corinthian 10p	35	......	†1.05	5.9	4.3	4.0
£24¼	£15	Cred. France F75	£17¼	......	Q9.87%	—	3.8	—
13	5	Dawes (G. R.)	13	......	—	—	—	—
*£119½	£62½	Deutsche Bank DM50	£66½	......	Q8.12%	—	5.5	—
90	55	F. C. Finance	63	......	2.2	4.9	5.0	5.8
17	5¼	First Nat. 10p	14¼	......	—	—	—	0.9
4	1½	Do. Wrrts. 75-83	2	+¼	—	—	—	—
266	178	Gerrard Natnl	225	......	†9.12	—	5.8	—
82	38	Gibbs (A.J.)	82	+4	2.2	—	3.8	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY

Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Algeria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381

Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex: 220044 Tel: 236.57.43

Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920

Washington: 914 National Press Building, Washington D.C. 20045 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Frankfurt: Frankenallee 68-72 Telex: 416193 Tel: 7598 1

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments—Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL & GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
430	97	Coronation	410	+25	054c	2.2	7.5
680	132	Falcon Rh.50c	640	......	Q100c	1.7	10.8
48	11	Rhod'n Corp. 16½p.	41	......	0.56	6.5	2.0
267	70	Roan Cons. K4	255	+35	Q0.125	♦	3.0
67	26	Wankie Col. Rh.1	56	......	Q9c	1.5	11.1
57	9	Zam.Cpr.SBD0.24	53	+6	—	—	—

AUSTRALIAN

TINS

COPPER

215	56	Messina R0.50	215	+22	Q10c	♦	2.7

MISCELLANEOUS

81	54	Barymin	77	+1	—	—	—
14½	10	Burma Mines 17½p	13½	......	—	—	—
460	173	Cons. Murch. 10c.	442	+30	Q100c	♦	12.9
585	280	Northgate C$1	555	+20	—	—	—
446	226	R.T.Z.	441	+21	†11.5	3.4	3.7
31	12	Robert Mines	24	......	—	—	—
65	26	Sabina Inds. C$1	53	+5	—	—	—
880	470	Tara Explo. $1	550	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable: bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution: this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¶ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♦ Excluding a final dividend declaration.
- ☆ Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

" Recent Issues " and " Rights " Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......	**IRISH**		
Bertam	13	......	Conv. 9% '80/82	£96⅛	......
Bdg'wtr. Est. 50p	333	......	Nat. 9¾% 84/89	£71½	+⅜
Clover Croft	53	......	Fin. 13% 97/02	£85⅝	+⅜
Craig & Rose £1	£11¾	+¾	Alliance Gas	56	......
Dyson (R. A.) A	15	......	Arnott	320	+5
Fife Forge	33	......	Carroll (P.J.)	54	......
Finlay Pkg. 5p	18	......	Clondalkin	103	+3
Graig Ship. £1	£11½	+1	Concrete Prods.	83	......
Higsons Brew	78	+3	Heiton (Hldgs.)	40	+1
Holt (Jos) 25p	255	......	Ins. Corp.	300	......
I.O.M. Stm. £1	150xd	+5	Irish Ropes	55	......
Pearce (C. H.)	385	......	Jacob	35	......
Peel Mills	37	......	T.M.G.	150	+5
Sheff. Refrshmt	98	......	Unidare	82	+2
Sindall (Wm.)	165	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	22	Utd. Drapery	9
A. Brew	6	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lots"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	20	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	3	N.E.I.	5	Brit. Petroleum	35
Debenhams	8	Nat. West. Bank	32	Burmah Oil	15
Distillers	22	P & O Dfd.	9	Charterhall	6½
Dunlop	5½	Plessey	10	KCA	6½
Eagle Star	14	Racal Elect.	20	Premier	9
F.N.F.C.	2½	R.H.M.	4½	Shell	28
Gen. Accident	22	Rank Org.	12	Tricentrol	27
Gen. Electric	30	Reed Intnl.	17	Ultramar	45
Glaxo	45	Sears	5½		
Grand Met.	12	Tesco	7	**Mines**	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	23	Trust Houses	14	Cons. Gold	52
G.K.N.	22	Tube Invest.	27	Lonrho	12
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday February 12 1980

U.S. bond markets fall to new lows

By Stewart Fleming in New York

BOND PRICES plumbed new lows on Wall Street yesterday morning amid fears that the precipitous slide in prices since the beginning of the year is threatening permanently to change the structure of bond finance in the U.S.

Traders hoped that after last week's unprecedented collapse in the bond markets some semblance of stability would surface yesterday. But, in the first few hours prices fell further, though trading was light. The new treasury 11¾ per cent bonds which had closed at 100 24/32 on Friday fell steadily to 98 26/32.

Bond market trading contrasted sharply with close to record trading on the New York stock exchange, where some 40m shares changed hands in the first three hours of business.

The Dow Jones industrial average was down just over 6 points at 1.30 pm and it was apparent that some investors had reservations about continued progress in equities admist such uncertainty about the inflationary outlook.

The weakness of the bond markets, a vital source of new finance for U.S. companies, is causing more general concern. Some economists, including Dr. Henry Kaufman of Salomon Brothers, are warning of the risk of the "Europeanisation" of the New York bond markets, a trend which would lead to companies finding it progressively harder to issue bonds maturing in 30 years, as they do now, and having to settle for 10 or 15 year financing.

EEC trade deficit with U.S. £5bn

By Giles Merritt in Brussels

THE EEC trade deficit with the U.S. doubled to over $12bn (£5bn) last year, according to figures shortly to be released by the European Commission in Brussels.

Details of the European Community's fast deteriorating balance of trade with the U.S. have emerged here in advance of next Monday's visit to Brussels by Mr. Reuben Askew, the U.S. special trade representative.

In 1978 the EEC's trade gap with the U.S. was $6.12bn and the year before it was $6bn. But during the first nine months of last year it accelerated to reach $9.04bn, and Commission officials calculated that the final figure for 1979 will show a deficit of over $12bn.

The surge in U.S. exports to the EEC is certain to colour the discussions that Mr. Askew is due to hold with the EEC external trade and industry Commissioners on the rash of disputes that now threaten to trigger an EEC-U.S. trade war.

Following the British Government's confirmation last week that it intends to impose quotas to curb U.S. sales of certain polyester and nylon man-made fibres, there is mounting anxiety among European steel makers that the U.S. Government will be unable to prevent a spate of anti-dumping suits.

Trade war fears, Page 16

DEMAND FOR SHAH'S RETURN DROPPED

Hope for hostages

BY ROBERT MAUTHNER IN PARIS AND SIMON HENDERSON IN TEHRAN

THE 50 American hostages held in the U.S. Embassy in Tehran could be released shortly, "perhaps within a few days," if the U.S. accepts certain conditions, President Aol Hassan Bani-Sadr of Iran said yesterday.

The new conditions set by the Iranian Revolutionary Council require the U.S. publicly to accept responsibility for the "crimes it has committed in Iran" in the past 25 years.

They no longer include return of the Shah to Iran before the hostages' release, Mr. Bani-Sadr indicated, though Iran is still asking the U.S. to recognise her right to obtain the Shah's extradition and the return of his fortune.

Initiative

In an interview with the Paris newspaper Le Monde, Mr. Bani-Sadr appeared to be taking an important initiative to wrest control of the hostages from the militant Moslem students holding them captive.

Asked specifically whether the Iranian authorities intended to do this, he said it was a possibility he nevisaged. It was necessary first for Ayatollah Khomeini to give his approval.

The Iranian President's remarks are the most hopeful sign yet of a resolution of the 14-week crisis.

Since his recent election Mr. Bani-Sadr is known to have been thinking of a way round the hostage problem, suggesting in an interview with an Iranian newspaper about 10 days ago that the difficulty lay in making the world accept that the Shah was a criminal.

If this policy was successful, he said, the hostages were not important.

Last night saw Ayatollah Khomeini at the hospital in Tehran where he is recovering from a heart ailment. He took with him Mr. Yassir Arafat, leader of the Palestine Liberation Organisation.

A personality such as Mr. Arafat could be crucial in solving the crisis. The PLO wants to strengthen its relations with the U.S., and is respected by the Iranian revolutionary leaders for its leadership of the Arab world against "imperialism" and Israel.

Mr. Bani-Sadr said in his Le Monde interview that Iran still demanded some kind of international commission or tribunal to inquire into the Shah's activities. But this was no longer a prerequisite for release of the hostages.

Inquiries

Mr. Bani-Sadr said that, of the two types of international inquiry that had been proposed, he preferred that of a tribunal composed of non-governmental figures, as put forward by Mr. Sean McBride, the former Irish Foreign Minister and Nobel Peace Prize winner.

Some members of the Revolutionary Council favoured the proposal by Dr. Kurt Waldheim, UN Secretary-General, for a UN Commission made up of Third World representatives. "The ideal solution would be a combination of the two."

In Tehran yesterday the students said they would hand over their captives if ordered to do so by Ayatollah Khomeini. But they added that they do not expect him to give such an order.

Gas set for £600m profit

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation is likely to make a pre-tax profit of £600m in the next financial year as a result of the planned rise in tariffs.

The profit projection was given in the Commons yesterday by Mr. David Howell, Energy Secretary, who has told the corporation to raise domestic gas prices by almost 29 per cent in two stages—on April 1 and October 1. Industrial and commercial customers will pay an extra 10 per cent from April.

Mr. Howell's announcement brought loud jeers from Labour MPs. In the last financial year, ending on March 31, British Gas made a record pre-tax profit of £360.7m on a turnover of £2.97bn.

Within the industry it is expected that the corporation's annual profits could rise to over £1bn in the next few years.

The Energy Secretary said that this year's price increases—which will be followed by big rises in the next two years—"were in line with what the Gas Corporation recognised was necessary."

The increased revenue was needed for future heavy investment, in trunk pipelines, for example. The Government is expected soon to give the go-ahead for a major gas-gathering network in the North Sea.

Backlog

Mr. Howell added that there was also a need to meet the backlog of requests from 7,000 homes and 4,000 businesses awaiting supply.

He told MPs at question time that without price increases the corporation's domestic gas business would have shown a loss in the coming year.

Mr. Norman Atkinson (Lab., Tottenham) accused Mr. Howell of taking a decision about price increases "in total darkness." Mr. David Stoddard (Lab., Swindon) said the Energy Secretary had a one-track mind, set on conservation and pricing energy out of the reach of consumers.

The Government is considering ways of collecting and using the corporation's increasing profits. Dr. David Owen, Shadow Energy Secretary, said if Britain was to move to economic energy pricing, it was vital that the Energy Department should not absolve itself from the responsibility of helping certain gas consumers.

He urged the Government to ensure that money raised by energy industries was made available to consumers, both in generous schemes to help the poor and in projects which encouraged conservation.

Mr. Howell said that the Government had made it clear that it believed in developing effective social policies. It was through these that the consequences of fuel hardships should be dealt with.

BP in joint shale oil venture

BY RAY DAFTER, ENERGY EDITOR

THREE MAJOR corporations, including British Petroleum, plan to exploit oil shale deposits in Queensland.

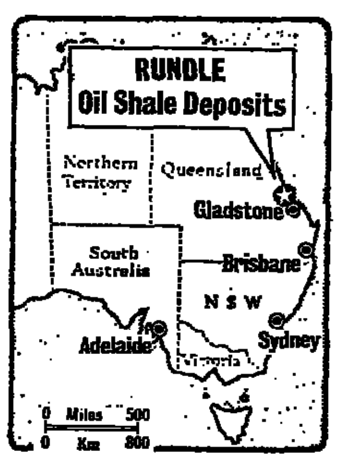
Broken Hill Proprietary; Conzinc Riotinto of Australia, part of the Rio Tinto-Zinc Corporation; and BP Australia may spend over £2bn to develop the Rundle deposits, thought to contain recoverable reserves of about 2bn barrels.

The group has submitted a joint development tender to the Rundle leaseholders, Central Pacific Minerals and Southern Pacific Petroleum. It could be months before a decision is known.

In Sydney the joint leaseholders said that they were considering a number of proposals for Rundle oil-shale exploitation.

In a joint statement to the Sydney Stock Exchange the companies said the proposals involved technical and financial arrangements.

BP Australia said that it believed its association with Broken Hill Proprietary Conzinc Riotinto would enable the "necessary financial and technical resources to be marshalled."



It was stated that the development would need use of new technology. The proposed consortium had experience of large-scale mining operations, oil recovery technology and "oil upgrading expertise."

Improving technology and fast-rising crude oil prices have made exploitation of oil shale much more commercially attractive than in recent years.

It is estimated in the industry that a barrel of oil (35 Imperial gallons) can be produced for between $25 and $30 a barrel.

Though the cost of mining the shale and retorting the rock to at least 500 deg. C rises with overall cost of energy, oil-shale exploitation is expected to grow appreciably in the coming decade.

Available resources are vast. BP estimates that the world contains between 3,000bn and 4,000bn barrels of shale oil, of which perhaps 6 per cent can be recovered.

An attraction is that virtually all of the oil lies outside areas covered by the Organisation of Petroleum Exporting Countries.

If Rundle is successfully exploited it may provide more oil than BP's prolific Forties Field in the North Sea.

Gold Fields seeks aid in tracing sharebuyer

By John Makinson

THE BRITISH-BASED international mining group, Consolidated Gold Fields, has asked the Department of Trade to help track down a mystery buyer of the company's shares. It has asked for the appointment of an inspector to investigate the ownership of a holding which could comprise about a fifth of the issued equity.

The department said yesterday that a response to the request can be expected soon, perhaps today.

Consolidated Gold Fields' move follows its failure last week to enlist the support of the Stock Exchange for an investigation into what it calls "a progressive increase in the number of unregistered transfers by persons unknown."

The request falls under section 172 of the Companies Act, 1948, which says that inspectors may be appointed to determine the identity of persons able to control or materially influence the policy of a company. There has only once been an inspection under section 172 alone, involving Savoy Hotels in 1953.

There have, however, been several inquiries based on 172 and other sections of the Act. These have sometimes run into difficulties because of rules governing nominee holdings in other countries which have made it impossible to find out where beneficial ownership lies. A court can, in the last resort, freeze a holding once it has been located but has no power to cancel or confiscate the shares.

Consolidated Gold Fields' advisers, Schroder Wagg, said yesterday that an application under the Industry Act, 1975, had also been considered. This would have entitled the Secretary of State to transfer the shares to the National Enterprise Board if it was judged that the holding was against the national interest.

Gold Fields' share price, which has more than doubled since October, rose another 25p to 525p yesterday.

RICHARD EVANS writes: A Conservative MP has tabled Commons questions on Gold Fields

Mr. Anthony Nelson, MP for Chichester, wants to know whether Sir Keith Joseph, Industry Secretary, intends to appoint an inspector to discover the identity of the holder of considerable foreign interests in the company.

A further question asks whether the interests of Gold Fields in North Sea oil exploration, gold and uranium mining and road construction and transport, fall within section 11 of the Industry Act, 1975, and whether a change of control could be prohibited

Weather

UK TODAY

MILD, sunny intervals. Rain in some places.

London, S.E., E. Anglia

Dry. Sunny intervals. Max. 10C (50F).

Cent. S., Cent. N., E., N.E. England, E., W. Midlands, Channel Isles

Bright. Rain later. Max. 9-10C (50F).

S.W. England, Wales, Lakes, S.W. Scotland, Glasgow, Argyll

Occasional rain. Mild. Max. 11C (51F).

Borders, Edinburgh, Dundee, Cent. Highlands, N.W. Scotland

Cloudy. Some bright intervals later. Mild. Max. 9C (48F).

Orkney, Shetland

Cloudy. Some rain. Mild. Max. 7C (45F).

N. Ireland

Rain at times. Dry later. Mild. Max. 9C (48F).

Outlook: Rain at first becoming drier. Temperatures above normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	14	57	L. Plms.	S	22	72
Algiers	S	14	57	Lisbon	S	10	50
Amsdm.	C	8	46	Locarno	S	12	54
Athens	S	14	57	London	S	12	54
Bahrain	R	19	66	Los Ang.	C	3	37
Barclna.	S	12	54	Luxor	S	22	72
Beirut	F	16	61	Madrid	S	9	48
Belfast	C	9	48	Majorca	S	13	55
Belgrd.	C	3	37	Malaga	S	17	63
Berlin	R	6	43	Malta	C	16	61
Biarritz	S	12	54	M'chstr	C	8	46
Bmghm.	F	10	50	Melbne.	S	28	82
Blackpl.	R	7	45	Mex. C.	S	18	64
Bordx.	S	9	48	Mntreal.	S	−7	19
Boulgn.	C	8	46	Moscow	F	−13	9
Bristol	C	10	50	Munich	R	6	43
Brussels	C	8	46	Nairobi	S	24	75
Budpst.	R	6	43	Naples	F	12	54
B. Aires	S	33	91	Nwcstl.	S	8	46
Cairo	S	16	61	N. York	C	0	32
Cardiff	C	9	48	Nice	S	15	59
Cas'b'ca	S	16	61	Oporto	S	14	57
Cape. T.	C	17	63	Oslo	Sn	−6	21
Chicago	S	−6	21	Paris	C	9	48
Cologne	C	8	46	Perth	S	27	81
Cpnhgn.	C	1	34	Prague	S	6	43
Corfu	F	14	57	Reykjvk.	C	4	39
Dublin	F	11	52	Rhodes	S	12	54
Dbrvnk.	F	13	55	Rio J'o	S	29	84
Ednbgh.	F	9	48	Rome	C	15	59
Faro	S	15	59	Salzbrg.	C	6	43
Florence	S	14	57	Singapr.	R	30	85
Frankft.	F	7	45	Stckhm.	C	−5	23
Funchal	F	18	64	Sydney	C	23	73
Geneva	S	9	48	Tangier	S	17	63
Gibrltr.	S	17	63	Tehran	R	−1	30
Glasgow	C	8	46	Tel Aviv	S	17	63
G'msey	S	10	50	Tenerife	S	22	72
Helsinki	S	−17	1	Toronto	S	−4	24
H. Kong	C	15	59	Tunis	C	15	59
Innsbrk.	R	4	39	Valencia	S	15	59
Invrnss.	F	7	45	Venice	C	9	48
Istanbul	S	8	46	Vienna	R	6	43
Jersey	S	9	48	Warsaw	C	3	37
Jo'burg	C	22	72	Zurich	F	6	43

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Whitehall emerges from the red

Index rose 8.5 to 469.9

Half-way through the monthly course of economic indicators, the gilt-edged market remains uneasily poised between enthusiasm and demoralisation. What might have been a relatively comfortable day in the money markets turned out to be very tight because the discount houses were obliged to repurchase bills they had previously sold to the Bank of England. The mood in the labour market is tantalisingly ambiguous—no sooner do the steel craftsmen see what the City considers to be reasonable than the water workers prepare to walk out.

The wholesale price figures for January leave no room for doubt about the strength of the inflationary pressures that persist. On the output side, the low figures of November and December can now be seen as a lull before the January revision of manufacturers' price lists, and the figures for imported raw material prices look dire.

The Government borrowing figures for January—resoundingly negative as the money market shortages had promised—should remove fears that official finances have been moving out of control. It does still seeem, however, that even if the central government keeps within its 1979-80 borrowing targets, the public sector as a whole will overshoot.

Both sets of statistics point to an intensification of the squeeze on the banking sector, particularly the clearing banks, who must be forging deeper into trouble with the corset every day. On top of the heavy corporate borrowing to cover tax payments, the raw material figures point to the need for credit to cover working capital needs.

This borrowing, combined with the money market's continuing efforts to repay the Bank of England's programme of assistance, is going to keep short money rates tight for weeks to come. Official lending at 17 per cent is now the cheapest money the market ever sees.

Over the next few weeks, short gilts are likely to be held back by the money squeeze, and the bond market as a whole will not be able to take comfort from the trend in private sector credit demand. But the market is no longer burdened with the unrealistic expectations of a fortnight ago, and the surplus in the public sector's finances suggests that the overall money figures should not be too bad.

On the equity side, the wholesale price figures underline the pressure on manufacturers: on a six-month annualised basis, output prices have been growing at 15½ per cent and input prices at over 32 per cent. Even allowing for a time-lag between the two, these figures, on top of accelerating labour costs, paint a dreadful picture of earnings. But the equity market's current concern is not with earnings but with assets, and yesterday's string of takeover stories whetted its appetite still further.

Cement prices

The cement makers have made no bones about their hopes for higher prices this year—Blue Circle specifically referred to the prospect in its recent offer for Armitage Shanks—and it is clear that the 24 per cent increase coming on March 1 reflects more than just higher energy prices. Last year, the UK industry returned just over 4 per cent on capital employed on a depreciated replacement basis. In 1980, the figure could climb to nearly 7 per cent if deliveries hold up at last year's slightly improved level. If, as currently seems more likely, deliveries drop by 3 to 5 per cent, then the return on capital could still be between 5 and 6 per cent.

That would still have quite an impact on earnings. Brokers L. Messel calculate that Blue Circle's profits this year would have been around £65m if prices had done no more than move in line with costs: their current projection is £80m. For Rugby the comparable projection are £20m and £24m, and for Tunnel, £12m and nearly £15m.

Such an improvement might seem excessive in an industry where volume has been static or declining for most of the last decade. In its defence, the industry points to the much higher profitability of other quasi-monopolistic building material groups—manufacturers of roofing tiles, bricks or plasterboard tend to make double figure returns on the same basis. Back in 1961 the Restrictive Practices Court suggested that around 10 per cent was a reasonable sort of target to aim for, and although the volume prospect today looks far less rosy than it did then, sooner or later even cement kilns fall to bits.

Hoffnung

Burns Philp's £15.9m cash offer for S. Hoffnung and Co. is pitched a mere 7 per cent higher than the market capitalisation of the group at Friday's close and is at a discount of nearly 28 per cent to the net assets of the business in its last balance-sheet.

Supporters of the bid justify the price by arguing that Hoffnung's present profits slump is not simply a cyclical phenomenon. But the argument that new competition is about to undermine the group's strong retail hardware business in Australia, which contributed 35 per cent of last year's profits, is unconvincing, especially as Burns Philp admits this is the part of Hoffnung that it wants.

With a return on capital of less than 9 per cent last year, and an uncovered dividend, Hoffnung is poorly placed to mount a vigorous defence against a determined suitor. But the message from the market yesterday, where the price moved up 14½p to 89p, is that the bid will have to be improved if the Australian group wants to win.

CompAir

The news that CompAir has received a bid approach is not a surprise: its share price has been signalling something for a little while now. This is one of the successes of the Industrial Reorganisation Corporation. One of the constituents, Holman Brothers, was looking distinctly frail at the time of the merger in 1968, but since then there has been a progressive record of dividend increases and, until the last couple of years, of earnings growth.

CompAir has become an international leader in its field, a quality which does not come two a penny in the UK engineering sector. Its net worth is £61.8m, and although its dividend is uncovered on a current cost basis, profits in 1979-80 should recover somewhat from last year's depressed £8.4m pre-tax. The market capitalisation at 94p is £52m.

Increase in child benefit likely

BY ELINOR GOODMAN AND PETER RIDDELL

AN INCREASE in child benefit from November is likely to be announced in next month's Budget despite earlier suggestions that the rate would be frozen.

The Cabinet has agreed in principle on a rise, although the size has yet to be determined. In spite of the general pressure to reduce public spending, senior ministers have favoured an increase because of a desire to present a compassionate and pro-family image to offset other less popular Budget measures.

Child benefit is at present £4 a week for each child and proposals for rises of 50p and £1 are now being considered. Since any increase cannot be implemented until November, for administrative reasons, the extra cost, met from the contingency reserve, would be relatively small in 1980-81. A 50p rise would cost £300m in a full year but only £125m in the next financial year.

This is the only major social security benefit fixed in nominal terms and not increased in line with inflation. Discussions between ministers suggest that a majortiy favours a rise to go some way at leas towards making up for price rises.

A widespread view is that, since child benefit is a substitute for child tax allowances, it is only consistent to increase the benefit since tax allowances are raised each year in line with past inflation under the terms of the Finance Act, 1977.

However, Ministers are known to be considering a plan for raising tax allowances by less than the inflation rate, and any increase in child benefit might be in line with this.

Similarly, Ministers appear to be agreed on a partial "de-indexation" of unemployment benefit. This could form part of an announcement in which the Government promises to tax unemployment benefit at a specified future date, one or two years ahead. Meanwhile, the increase in unemployment benefit in line with inflation will be cut back to provide the same net impact as would taxing it.

An increase in child benefit would certainly be welcomed by most Tory MPs: their backbench finance committee last week urged special attention to the needs of the family in next month's Budget. It would also please the women's side of the party—a not insignificant lobby, responsible for most of the voluntary work—which made a special plea for a rise in child benefit in its Budget representations.

Some Cabinet ministers have recently become concerned about the need for the Government not to appear uncaring. This has affected the discussions about public spending cuts.

The Treasury sought a large contribution to the cuts from the social security budget and reached bilateral agreement on this with Mr. Patrick Jenkin, the Social Services Secretary and a former Treasury Minister. But the full Cabinet scaled down the cuts to just the change in unemployment benefit because of its worries about the political and social impact.

Continued from Page 1

Steel

Friday and may also summon delegates from the private steel sector to test their opinion.

Mr. Sirs' main worry now is that the railwaymen and the dockers may withdraw their support.

In the regions there was no sign that steelworkers' militancy is abating. ISTC members in Scotland have joined those seeking permission to withdraw safety cover from BSC works

Mr. Len Murray, TUC general secretary, yesterday invited Mr. Sirs to meet leaders of the other unions as they reported back to him on their outline agreement. But his invitation was refused.

Mr. James Callaghan, leader of the Opposition, is considering whether to mount a campaign to have the strike settled by means of a court of inquiry.

Mr. Callaghan and Mr. Michael Foot, deputy Labour leader, are to have private talks tonight with Mr. Sirs.

Mr. Callaghan is considering whether to launch an all-out attack on the Government's refusal to intervene in the dispute by putting down a Parliamentary motion of censure.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.